OVERSIGHT ON THE REAUTHORIZATION OF THE CONGRESSIONAL AWARD ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

ON

H.R. 3447

TO AMEND AND EXTEND THE CONGRESSIONAL AWARD ACT

HEARING HELD IN WASHINGTON, DC, JULY 24, 1985

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OVERSIGHT ON THE REAUTHORIZATION OF THE CONGRESSIONAL AWARD ACT

WEDNESDAY, JULY 24, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SELECT EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to call, at 10:11 a.m., in room 2257, Rayburn House Office Building, Hon. Pat Williams (chairman of the subcommittee) presiding.

Members present from the Subcommittee on Select Education: Representatives Hayes, Martinez, Bartlett, and Goodling.

Staff present from the Subcommittee on Select Education: S. Gray Garwood, staff director; Colleen Thompson, clerk; Bob Silverstein, majority counsel; and Pat Morrissey, minority senior legislative associate.

[Text of H.R. 3447 follows:]

99TH CONGRESS
1ST SESSION

H. R. 3447

To amend and extend the Congressional Award Act.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 1985

Mr. WILLIAMS (for himself and Mr. HOWARD) introduced the following bill; which was referred to the Committee on Education and Labor

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A BILL

To amend and extend the Congressional Award Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Congressional Award Amendments of 1985".

SEC. 2. MEMBERSHIP OF THE BOARD.

Section 4 of the Congressional Award Act (2 U.S.C. 803), hereafter in this Act referred to as "the Act", is amended—

(1) in subsection (a)(2), by adding at the end thereof the following: "One of the members appointed

under each of subparagraphs (A) through (D) of paragraph (1) shall be a member of the Congress.";

(2) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) Appointed members of the Board shall continue to serve at the pleasure of the officer by whom they are appointed, but (unless reappointed) shall not serve for more than four years."; and

(3) by striking out paragraph (2) of subsection (c) and redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

SEC. 3. EXTENSION OF AUTHORITY.

Section 9 of the Act (2 U.S.C. 808) is amended by striking out "six years after the date of enactment of this Act" and inserting in lieu thereof "on November 16, 1988".

SEC. 4. ADMINISTRATIVE PROVISIONS.

(a) SALARY LIMITATION.—Section 3(b) of the Act (2 U.S.C. 802(b)) is amended by adding at the end thereof the following new sentence:

"No salary established by the Board under paragraph (3) shall exceed $75,000 per annum, except that for calendar years after 1986, such limit shall be increased in proportion to increases in the Consumer Price Index.".

(b) SCHOLARSHIPS.—Section 3(d) is amended by striking out "Gold Medal" and inserting in lieu thereof "Gold, Silver, and Bronze Medals".

(c) REPORT OF ADMINISTRATIVE EXPENDITURES.—Section 3(e)(4) of the Act is amended by inserting before the period at the end thereof the following: "for each member, officer, employee, and consultant of the Board (or of the Corporation established pursuant to section 7(g)(1))".

(d) ANNUAL MEETINGS.—Section 4(f) of the Act is amended by striking out "meet annually at the call of the chairman" and inserting in lieu thereof "meet at least twice a year at the call of the chairman (with at least one meeting in the District of Columbia)".

(e) BYLAWS.—Section 4(i) of the Act is amended by adding at the end thereof the following: "Such bylaws and other regulations shall include provisions to prevent any conflict of interest, or the appearance of any conflict of interest, in the procurement and employment actions taken by the Board or by any officer or employee of the Board.".

(f) RESTRICTION OF SPONSORSHIP ADVERTISING.—Section 7(c) of the Act (2 U.S.C. 806(c)) is amended by adding at the end thereof the following:

"The Board may permit donors to use the name of the Board or the name 'Congressional Award Program' in advertising.

(g) POWERS AND RESTRICTIONS.—Section 7(a)(1) of the Act (2 U.S.C. 806(a)(1)) is amended by striking out "from sources other than the Federal Government".

(h) EVALUATION BY GAO.—Section 8 of the Act (2 U.S.C. 807) is amended—

(1) by inserting "AND EVALUATION" after "AUDITS" in the heading of such section;

(2) by inserting "(a)" after "SEC. 8"; and

(3) by striking "may be audited" and inserting in lieu thereof "shall be audited at least biennially";

(4) by striking out "at such times as the Comptroller General may determine to be appropriate";

(5) by adding at the end thereof the following:

"(b) The audit performed pursuant to subsection (a) shall be a minimum—

"(1) assess the adequacy of fiscal control and funds accountability procedures of the Board and such corporation; and

"(2) assess the reasonableness of expenses allowed to the Director and other employees of the Board and such corporation.

"(c) In the report on the first audit performed under subsection (a) after the date of enactment of this subsection, the Comptroller General shall include an evaluation of the

programs and activities under this Act. Such evaluation shall include an examination of—

"(1) the extent to which the Congressional Award Program and activities under this Act are achieving the purposes stated in section 3(a);

"(2) the adequacy and appropriateness of the standards of achievement and procedures for verifying that individuals satisfy such standards established by the Board;

"(3) the efficacy and adequacy of the Board's fundraising efforts under this Act;

"(4) the organizational structure of the Board, particularly the use of Regional Directors; and

"(5) such additional areas as the Comptroller General determines deserve or require evaluation.

"(d) The report on the second audit performed under subsection (a) after the date of enactment of this subsection shall be submitted on or before May 15, 1988.".

SEC. 5. CONFORMING AMENDMENT.

Section 2 of Public Law 98–33 (2 U.S.C. 803, note) is repealed.

Mr. WILLIAMS. I will call this Subcommittee on Select Education into session.

Today we are hearing the reauthorization of the Congressional Awards Program.

The Congressional Awards Act was signed into law November 16, 1979 and encompasses an idea by the Congress and particularly by the two members before us who will be our first witnesses today to create a program to honor the initiative, achievement and excellence of youth.

This act sets in place the mechanism to achieve that.

I was a member of the committee when the act was considered and passed. I voted for it. I still continue to support the idea of the Congressional Awards Program.

The program expires November 15 of this year and so we have begun to collect information concerning the reauthorization, and as we did so it became apparent to some of us that as important as the idea of honoring our youth, our future, is, the mechanism to put it into place needs some modification.

This committee, in review of the operation of this program, has come across some management practices which we believe are questionable. We want to review these issues as we move toward reauthorization. I believe we will achieve reauthorization because the notion encompassed in the Congressional Awards Program serves a useful purpose.

I want to commend the two Members of Congress who initiated this idea and I want to particularly commend those of our citizens who have agreed to serve on the board of this Congressional Awards Program. They serve at their own time and at their own expense and they do so out of a belief in this country and a belief in honoring our youth when and where that is appropriate.

I also want to pay particular recognition to the staff of this program who have worked diligently, particularly in the effort to raise the amounts of money necessary to implant this program in congressional districts throughout the United States. While that task isn't finished, it is off to a good start.

Senator Wallop and Congressman Howard, we are delighted to have both of you before us today.

Malcolm, I understand you have a markup over on your side and we will ask you to please proceed.

STATEMENT OF HON. MALCOLM WALLOP, U.S. SENATOR FROM THE STATE OF WYOMING

Senator WALLOP. Mr. Chairman, and neighbor, I am delighted to be here before your subcommittee today to discuss the congressional award, and I am also pleased to have the opportunity to work with you, Congressman Jim Howard and chairman of the board, Pat O'Malley, and to take what I hope will be the first step toward reauthorizing the finest achievement program, potentially, in the United States.

It is critical that we make the most of the opportunity provided by the reauthorization process, as envisioned in the enabling legislation. It gives us the chance to gauge how far the program has

come, and it has come a long way, and how far we have to go, and I think all would admit we have a long way to go.

To strengthen and advance a program such as this, we really must be honest and recognize the problems and conflicts present within it, resolve them, learn from them, and I think that we can do that without problem.

Mr. Chairman, as you pointed out, in 1979 this Congress established a very special scheme for the recognition of the creativity, the achievements and leadership of young people in America.

If I may, Mr. Chairman, I would just ask unanimous consent that my whole statement be put in the record.

Mr. WILLIAMS. Senator, your statement and the statement of the other witnesses will, without objection, be placed in the record.

[The prepared statement of Hon. Malcolm Wallop follows:]

PREPARED STATEMENT OF HON. MALCOLM WALLOP, A U.S. SENATOR FROM THE STATE OF WYOMING

Mr. Chairman, I'm delighted today to come before the Select Education Subcommittee to discuss the congressional award. I'm also delighted to have the opportunity to work with you, Congressman Jim Howard and Pat O'Malley, the chairman of the Board of the Congressional Award, and to take what I hope will be the first step toward reauthorizing the finest achievement program, potentially, in the United States. It is critical that we make the most of the opportunity provided by the reauthorization process, as envisioned in the enabling legislation. It gives us the chance to gauge how far the program has come and how far we have to go. To strengthen and advance the program we must recognize the problems and conflicts present in it, resolve them and learn from them, and I think that we can.

Mr. Chairman, in 1979 the Congress established a very special scheme for the recognition of the creativity, achievements and leadership of the young people of America. In creating the Congressional Award Program, the Congress of the United States sanctioned only the second award to bear its name, the first being the Congressional Medal of Honor.

The award is unique in that it is the only award that the Congress, itself, awards. It is further distinguished by a variety of facts: The effort for original passage received strong bipartisan support in both Houses of Congress and the award continues to enjoy such backing today; it is a congressionally authorized program that draws its financial support completely from the private sector, requiring not one nickel of Federal funding; here is an instance in which we, as Members of the House and Senate, have entrusted the name of the Congress of the United States to an independently administered organization; and, Mr. Chairman, it is a program specifically designed to bring generations together, as participants learn from and are guided by adult volunteers.

The Congressional Award Program sets out to promote and recognize initiative, achievement, and excellence in our youth in the areas of public service, personal development and expedition, and physical fitness. The program tolerates no barriers to achievement, whether they be cultural or social, racial or physical. With the help of their adult, volunteer advisors, young people of any background or race, whether whole or handicapped, may test themselves as individuals against difficult standards of accomplishment and earn bronze, silver, or gold medals.

As the Senate sponsor of this program and as a member of its National Advisory Council, I have watched the congressional awards become a fact of life in our country. I have watched America's youth respond quickly to its challenge. Beginning with the awarding of the first bronze and silver medals in the pilot program in Minnesota in 1982 and continuing through the first gold medal ceremonies here in Washington in 1984 and 1985 the program has progressed, spreading into more congressional districts and involving more of America's young people, as I'm sure Mr. O'Malley will confirm in his testimony.

Today, I can report with great pleasure that the Congressional Award Council of Wyoming, under the strong leadership of Jim Helzer of Cheyenne, president of the Wyoming Council, was the first council in the Nation to satisfy all requirements and receive its charter from the Board of Directors of the Congressional Award. The program in Wyoming is vital and is gaining momentum each day. Each of Wyoming's 23 counties is organized. The caliber of volunteer leadership and the degree

of dedication at the local council level in Wyoming is truly outstanding. We have literally outgrown the State Capitol in our first two award ceremonies and must now find much larger facilities in order to honor the next group of medal winners.

The truly outstanding young men and women we have honored for their efforts in Wyoming are representative of the many thousands who, through their discipline, determination, and perserverance, will earn congressional awards in the years ahead and they have my sincere admiration and respect.

Yet, even as we recognize the progress of the Congressional Award Program, it is necessary that we scrutinize that progress and determine if the program is on the course that was intended by Congress. Having studied the award program at this stage in its development, I am concerned that in some respects it is indeed off course.

Mr. Chairman, I have great respect for the men and women who have served on the Board of Directors of the Congressional Award. I have particular admiration for Pat O'Malley, the present Chairman of the Board, and his two predecessors, John McMillian and W. Clement Stone. These men and the men and women of the board have given greatly of their time and energy, receiving nothing in return but the satisfaction of seeing the program begin and outstanding young achievers awarded. I respect particularly the job Mr. O'Malley is doing to see that the program solves its problems during this period of growing pains.

However, it must be said that the Board of Directors of the Congressional Award, as an entity, has not been able to give sufficient direction to the development of the program. This has led to serious management problems at the national level of the congressional award. We must take steps at this juncture to assure that the board both works and is workable. The board should be returned to its original size of 17 members. We must see to it that individuals who have both the time and commitment to serve are selected for membership. And we must see to it that the board does indeed direct the award and the national staff, and not the other way around. A handful of hard workers, such as Pat O'Malley, is not quite enough. The Congressional Award Program must have the support of a full, active board.

The Congress of the United States must share the blame for the problems its award program contains. There must be more congressional involvement, and indeed I believe this will occur naturally as more councils are formed. But we must also be more accountable, which I believe may involve more direct involvement. It's not that I believe that the Congress should administer the award or determine its policies. I do not. That should clearly continue to be a function of the independent, private sector. But it may be that congressmen should serve in some capacity on the board of directors and that some board meetings should be held regularly here in Washington to encourage interaction and access. We must take additional responsibility in the development and oversight of the award. Shorter periods between reauthorizations may well be a short term solution. But the administration of the award should remain, on a day to day basis, right where it is, with an independent volunteer organization. Perhaps I should add at this point that I believe that it should remain within the province of the board to set the salaries of its employees. I do not advocate amending the law to set limitations in that regard as I believe that since the program is privately administered and funded, the board should have the right to hire whomever it wishes and that right should carry with it the right to pay its employees whatever it believes it can afford.

I believe there are some specific problems which can and must be corrected. I have noted an inability or an unwillingness on the part of the present national director to articulate problems when assistance should have been sought from the board, the National Advisory Council or perhaps, even the Congress. I have observed a failure on the part of the national staff to perform some of the most rudimentary statutory obligations, such as preparing and submitting the annual report on time. I have been compelled to question the accuracy of information provided by the national office to the board and the Congress concerning the status and progress of the award program. I have been concerned that not enough emphasis has been placed on expanding the program and making resources available to meet the needs of individual award councils and that too much effort and expense have been squandered trying to build a slick and prestigious image. Furthermore, I have noted a general lack of openness about the internal operation of the program.

These are problems which can be solved. I believe that the board of directors and Mr. O'Malley are presently engaged in tightening up the national operation and I applaud that effort. It may be that this process we engage in today will help identify other areas of concern which can also be corrected.

There remains one additional area that has troubled me for some time and continues to do so, despite good faith efforts by the board to relieve my anxiety. I con-

tinue to be concerned that the program is drifting away from the requirement that program participants demonstrate initiative, achievement and excellence in the area of expedition fitness. In the original bill creating the Congressional Award Program the achievement areas were designated as expedition fitness, personal creative development, and public service. The bill as passed lists the program areas as public service, personal creative development and physical and expedition fitness.

By amendment in committee, the sections on public service and expedition fitness were switched and physical fitness was added to expedition fitness. However, we must note that the program area of expedition fitness did not disappear. The law calls for achievement in physical and expedition fitness.

As I have studied the qualifications of those who have earned medals, I have noticed too often that expedition fitness seems to have been overlooked or ignored. Perhaps, in practice, it simply has not been well defined. If that is the case, it is easily correctable through the process in which we are now engaged.

Whatever the reason, we must remind ourselves that the law, even as it is now written, contains expedition fitness as an area in which participants must still test themselves and that it differs mightily from simple physical fitness. Making great progress in running, walking, swimming, or other athletic and healthful pursuits is desirable and commendable. But physical improvement may have little bearing on how a young person from rural America might fare traveling in the inner city or on some comparable "expedition" as contemplated in testimony given when the bill was considered and as contained in the enabling statute. At that time I noted that, "The aim of the expedition section is to foster the spirit of adventure and self-discovery that spans the history of our country. The cultivation of this aspect of everyone's life and its meaning in American culture cannot be emphasized enough. After training, journeys are planned or undertaken by one of several modes of travel."

I believe that expedition fitness should remain a central prerequisite for earning a congressional award. Physical fitness alone does not satisfy award requirements. I believe it is proper that we determine how we might see to it that this section of the law, refined or further defined if necessary, be acknowledged as a vital qualifying standard for a congressional award.

But that is enough criticism. We have indeed come a long way since 1979. Many, many people, have contributed to the beginning of a great reality of life in our country. Board members and volunteer advisors, staff members and advisory council members, Senators and Congressmen, and, especially, award earners and program participants have sown a mighty seed. If we but care for it and nurture it now it will grow into a fine program which will benefit every one of us with the dividends of leadership and citizenship which it will yield.

As the program grows, we must look for ways to lend encouragement and support, as Members of Congress and as citizens. We must provide guidance to see that the intent of the law is followed and that the program evolves as it was envisioned. We must care about the young men and women who strive so to achieve and excel, and about the volunteer advisors without whom there would be no program. We must provide all the inspiration we can when we have the chance and honor those who ultimately earn the awards we've created and given the name of the Congress of the United States.

I remain unwaveringly committed to the philosophy of the congressional award and I continue to believe, without question, that the need for the award exists in America. I remain determined to see the program on course and watch it become our Nation's pride. I am deeply appreciative of the efforts of all those who have worked so hard to bring the congressional award to this stage in its development. And, I look forward to carrying on the process we begin here today in the Senate.

Senator WALLOP. I think a number of things as I look at what has taken place. One thing, it really has succeeded in doing much of what we had in mind when we produced this piece of legislation.

We in Wyoming had the first council that fully implemented all the requirements of the national board and the program has been dramatic in our State.

Whilst we look at it, we think of it being dramatic for the young people, the young men and women, and it has been that. But it has been something else rather marvelous, too, and that is it has, as we envisioned it might, captured the imagination of the volunteers and the people who work to make it a success.

We have community involvement in some of the strangest places in Wyoming that is just unsurpassed, and it has been done by people who have just totally accepted the concept of recognizing the achievements of young people and have made possible, in otherwise remote parts of my State, to have a challenge that really raises the eyeballs of those young people to the national scheme of things.

So, I think in those respects it has been good and it has been very, very good that it has been done at the national and State levels with not only volunteer efforts and time but great generosity on the part of some corporations, both domestic and international, and some small businesses and corporations that support it well. I think that is one of the things we must keep in this process because I don't think it would be a good idea for us to drop into the habit of publicly funding it with appropriations.

I think that the minute we start doing that that crutch will become too attractive and that temptation too persistent and we will lose some of the great achievements that have been milestones already.

I would say with regards to the program that I would still very much like to see us redefine, if you will, or reemphasize or find some means of raising the level of the one requirement that seems not to be often in the list of achievements and yet is required by the law, and that is of expedition.

Now, some have said that the only way that you can have an expedition would rule out people from poorer parts of the country, and I don't believe that for a minute.

One reason why I bring it up is because the award is designed to recognize the achievements of young people, to be sure, but it is also designed to raise and stretch their own abilities within themselves. And that generally, for most American young people, is some kind of a new experience.

Whether it is a cross cultural expedition within the confines of a great city such as New York, whether it is, as it can be and was envisioned for a lot to be, the kind of things that Outward Bound assists and helps people in—you may recall that the first trial program that we had was run by Outward Bound—whether it be any of a variety of things, it really means by expedition doing something that is outside the circle and spectrum of your life, which is one of the achievements of leadership, one of the things which will raise these young people even farther as they get recognized for doing not only what they do customarily but recognized for doing something that they do not do customarily.

I hope in this reauthorization process we examine that and find out how best to encourage it because I believe it is important to the award as it was designed and the award as it has a future.

We have, and you have noted, some administrative problems. I think one of the things that we in Congress must do first is take a little more active role ourselves, and perhaps that might be something that we examine as to whether or not a couple of Members from each House ought to be on the board, or at the very least that there ought to be a liaison relationship with some Members and when the national board meets that they might meet here in

Washington at least once or twice a year and that Congress be involved in such meetings.

I think also that the board needs to be pulled back down to the size that it originally was, because a big board, A, is hard to get quorums on, and B, it is really hard to get decisions through.

I think we originally started with 17, if I recall, and I think I would like to see us examine that again.

We could have honorary members, people who would assist in fund raising. We can do a lot of things.

Along with that I would very much like to see us try to persuade the leadership of both our parties and both our Houses to seek out people who really want an active role on the board doing what must be done to raise the funds, to make the decisions, to oversee the professional staff, to make the liaison with Congress and other things.

That is not in any way to criticize members of the board who either presently cannot give of their time and only can give of their name, or even in any way to criticize the leadership of both our Houses, but I think we are at the place now where stature is less important to the board than performance of the people that are on there. And those who we might attract for reasons of stature, such as former President Ford who often admits that he simply hasn't got time to be always an active, creative member of the board but would be delighted to lend his name as a former Member of Congress and President of the United States to the board for letterhead purposes, for once in a while fund raising and things like that, but in an inactive role.

There are others like that, and that is not a criticism and I think we just need a good deal of more active, devoted membership on there, and I think we can achieve it.

By and large that plus the statements in my written statement, is pretty much what I feel about it. I very, very strongly believe that when we planted the seed the result is a strong and growing tree. It is not a weak and wilting flower. I think that it is a good thing that Congress has given its name to its only award to young people.

I think it has really precipitated the tremendous spirit of volunteerism amongst those who help at the state and congressional district level.

Those achievements are worth continuing to nurture, whatever problems we have, Mr. Chairman, and I thank you very much for the opportunity to testify here this morning.

Mr. WILLIAMS. Thank you, Senator.

Because we necessarily started our committee hearing late and because I know you have to be at the Senate, and I also note that Congressman Howard needs to be out of here in just a few moments, let me ask you a question, one question, and then if none of the other members have burning questions, perhaps we can let you go and turn directly to Jim Howard.

You mentioned that the effort should not be publicly funded and gave good rationale for that. That statement goes to the philosophical notion that the public should do the public's business, the public should control their own business, which of course includes within it the funding of its own business.

How do you counter that notion?

Senator WALLOP. I think by the very philosophical thesis upon which this idea was launched. That is, we wanted a spirit of volunteerism at every level. More than just young people's achievements, we sought to foster a sense of community spirit, national and local, throughout.

We, I think, as a country have come to view Federal money as not real money, as something that is expendable on its own to take care of needs. And I think that the kind of funding that would come from the appropriations process would tend after a period of time to make it very difficult to find people like Mr. O'Malley to chair it.

I think that these people are used to being given challenges, to accepting those challenges on the basis that this is a good thing to do, that they involve great segments of America who would otherwise simply not know of the existence of this award.

Those corporate givers would be less inclined to give something that was basically federally funded or funded through appropriations.

And I look for more results to come from those generous corporate and individual contributions than just money. I think you will soon see the possibility for facilities to expand, for example, the expedition element of this award. To expand the opportunities for young people in America to have experiences that are different from those which are ordinary to their lives.

The involvement and the sense of involvement is, I think, critical to an energetic performance of a public board of the nature that we envisioned and I think has served us very well.

Mr. WILLIAMS. Thank you, Senator.

If there are no othe questions of Senator Wallop, we thank you again for being with us.

Senator WALLOP. Thank you, and thank you very much indeed for having this hearing. I am glad the process is underway. We will do our work as soon as you have done yours.

Mr. WILLIAMS. All right.

We will now turn to our friend and colleague, Jim Howard of the Third New Jersey.

STATEMENT OF HON. JAMES HOWARD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. HOWARD. Thank you very much.

Mr. Chairman and members of this subcommittee, I want to thank you for inviting me to appear before you today to offer my comments on the reauthorization of the Congressional Award Program.

As the original sponsor of the Congressional Award in the House of Representatives, I have a special interest in ensuring that the program is a success and that it operates in a manner consistent with the intent of Congress.

The idea for the Congressional Award was first brought to me in the late 1960's by a constituent, Dr. Frank Arlinghaus of Rumson, NJ.

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As a Columbia University student at that time, Dr. Arlinghaus was very concerned that young people were becoming increasingly alienated from their Government. He felt that this was due, in part, to the failure of Government and adult society to pay attention to the concerns of young Americans and to properly recognize their unique contributions.

It took a number of years for us to generate the kind of national support for the program necessary to secure its enactment, but thanks to Senator Wallop, former Senator Brooke from Massachusetts, and this subcommittee, in 1979 our bill was signed into law by President Carter.

The first Congressional Award Program on a congressional district level was established in my district in 1983. Since then, I am proud to say, we have held four award ceremonies honoring some 116 young people who have earned bronze, silver, and gold medals.

To truly appreciate the program it is really necessary to attend one of these award ceremonies. It is an inspiring and oftentimes emotional experience to see these outstanding young people honored for their personal achievements and for their volunteer work with the poor, the elderly, and the handicapped.

Occasionally the medal recipients are handicapped themselves and the program has provided them with the kind of incentive necessary to accomplish extraordinary tasks.

Always, recognition is bestowed during these ceremonies that would have been overlooked if the Congressional Award Program were not in existence.

The Congressional Award has been an outstanding success in my district even though we have had to operate on a very small budget.

Our success is due in large part to the enthusiasm of a core group of adult volunteers who give generously of their time to operate the program, raise money and reach out to young people in our local schools and in youth organizations.

The community and the news media have also greeted the congressional award with great enthusiasm and, most important, young people are participating in the program in large numbers and spreading the word to their peers.

You will no doubt be hearing later from Chairman Patrick O'Malley about the progress of the Congressional Award Program on the national level.

Currently, 19 congressional districts have programs in operation and 8 are in the process of being established. A total of 476 bronze and silver medals have been earned and 99 young people from around the country have come to Washington to receive the gold medal.

The Congressional Award national program also benefits from the services of dedicated volunteers, many of whom are leaders in the corporate world. These individuals serve on the national board and work hard to carry out the intent of Congress in the operation of the Congressional Award.

Under the leadership of Chairman O'Malley, a new and clearer direction has been provided to the board and to the national staff. He is to be commended and congratulated for his fine work.

However, in prior years the national staff operated without some clear direction from the board. I think we can learn from the experiences of the past and make some changes to ensure that congressional intent is being carried out at all times.

I believe Congress should take a more active role in the program which bears its name.

The award represents an interesting convergence of the private and public sectors. Fund raising is conducted strictly in the private sector, and the board, which runs the program, is composed of private citizens, primarily corporate leaders. Yet, because it is a congressionally sanctioned program, I believe it would benefit from an increased participation of the public sector.

Toward that end I would recommend that Members of Congress be appointed by the leadership to serve on the board in much the same way as private individuals are appointed. This could mean that each of the four members of the leadership, the Speaker and minority leader of the House and the majority and minority leader of the Senate, would appoint one member each to serve at least one term on the board.

I do not feel the board size needs to be expanded to accommodate these additional members. Vacancies currently exist on the board.

It has been suggested by some that board size should be expanded so that the board has a broader geographic representation. This function, however, is provided by the program itself which operates in congressional districts in all regions of the country.

I think an expansion of the board would create a decisionmaking apparatus that is cumbersome and fragmented. Board size, I believe, should remain the same.

There should be an effort to appoint individuals who are truly committed to the program and able to devote the time necessary to board service. Perhaps the committee can advise the board on how best to develop some bylaws to encourage better attendance at board meetings.

In regard to the length of terms for board members, I believe we lose the very valuable element of institutional memory when we shorten these terms.

In the 1983 amendments to Public Law 98-33 the Congress reduced to 2 years the length of terms for those members appointed after March 31, 1983. I urge the committee to give consideration to reestablishing the original 6 year length of those terms.

We should continue to permit reappointment of board members after their terms expire. I believe this is crucial to the success of the national program, giving it a continuity that it needs particularly during the formative years.

Finally, it makes sense to require that the General Accounting Office conduct periodic program reviews and annual audits of the fund raising and expenditures of the Congressional Award Program and make these available routinely to all Members of Congress.

Members who are contemplating setting up award programs in their districts should have easy access to the national program budget so that they may better assess the types of expenses they will incur in their own districts. It is logical to have these functions

performed by the GAO as is suggested, although not mandated, by the original authorizing legislation.

Any new program will suffer growing pains and it is clear that there have been great demands on the Congressional Award national staff caused by a rapid increase in the requests for assistance from Members of Congress. In fact, in the last 2 months the national office in Alexandria has received inquiries from 158 congressional offices and 946 other organizations seeking information or to participate in the program.

As a result, I believe it is time that the function of executive director and chief fundraising officer be separated, as these responsibilities are too great for one individual to handle.

In most organizations seeking to raise over $1 million a year and at the same time operate a national program, these two functions are completely separate. I believe it should be so with the national Congressional Award.

It is important that we attract quality people to the staff of the national Congressional Award. However, I do feel that since the Congressional Award is an organization sanctioned by Congress, its salary schedule should more closely reflect that paid to public sector employees.

I would urge, Mr. Chairman, that your subcommittee review the responsibilities of the top staff of the Congressional Award and recommend a maximum salary with appropriate consideration of increases in the cost of living. This salary should reflect that paid to managers in the Federal work force at the same level of experience and with roughly equivalent responsibilities.

Finally, I would like to restate to the subcommittee the founding ideals of the Congressional Award.

The program is designed to promote initiative, achievement, and excellence among youth in the three areas of public service, personal development, and physical and expedition fitness.

I do not support the efforts of some to create a separate fourth section called expedition. I believe that expedition activities are easily incorporated into either the physical fitness category or the personal development category.

Creating a fourth category at this current stage of program expansion would be expensive to implement and confusing to local officials. An expedition category could discourage the participation of urban area youth who would find it either too expensive or too impractical for their particular situation.

In addition, I do not feel the Congressional Award should try to imitate the Duke of Edinborough Award completely. Ours is a program of the U.S. Congress and should remain so.

I also do not believe that we should have public or governmental funding in the program. In my own district we have a difficult time raising funds. I do not have the kind of district that has a great industrial base with many large corporations to contribute, and yet I believe we have had a very successful program. I believe that where we have been short of funding we have seen an increase in the volunteer work to make the program go.

My basic feeling is that there should not be public funding by the Government in anything unless it is absolutely necessary.

I realize, as chairman of the Committee on Public Works and Transportation, that may raise some eyebrows around here, but I believe that we have such a need for our Federal funding that if something can operate well, as this has, without it, that we should not institute it, and I believe it could provide many negatives also.

The Congressional Award is intended to be a motivating but non-competitive program encouraging young people to set and achieve individual goals. That is what I like about the program. They are not competing with someone else. They are more or less competing with themselves for improvement. They do not have to beat out someone else to get the award, they just have to reach a very difficult but attainable goal based on their abilities, both educationally, intellectually and physically.

Ideally, a young person should begin with the bronze level and progress to the silver and the gold. This benefits the individual and creates an opportunity for Congress to maintain an ongoing, long-term relationship with the young people of America.

Mr. Chairman, I speak from personal experience on the local level that the Congressional Award can accomplish the goals Congress established for it in 1979. I certainly urge that the program be reauthorized.

I thank all of you for your attention and for your time.

[The prepared statement of Hon. James J. Howard follows:]

PREPARED STATEMENT OF HON. JAMES J. HOWARD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. Chairman and Members of the Subcommittee on Select Education, thank you for inviting me to appear before you today to offer my comments on the reauthorization of the Congressional Award Program. As the original sponsor of the Congressional Award in the House of Representatives, I have a special interest in insuring that the program is a success and that it operates in a manner consistent with the intent of Congress.

The idea for the Congressional Award was first brought to me in the late 1960's by a constituent, Dr. Frank Arlinghaus of Rumson, N.J. As a Columbia University student at that time, Dr. Arlinghaus was very concerned that young people were becoming increasingly alienated from their government. He felt that this was due in part to the failure of government and adult society to pay attention to the concerns of young Americans and to properly recognize their unique contributions.

It took a number of years for us to generate the kind of national support for the program necessary to secure its enactment, but in 1979, our bill was signed into law by President Carter.

The first Congressional Award Program on a Congressional District level was established in my district in 1983. Since then, I am proud to say, we have held four award ceremonies honoring some 116 young people who have earned bronze, silver and gold medals.

To truly appreciate the program, it is necessary to attend one of these award ceremonies. It is an inspiring and often times emotional experience to see these outstanding young people honored for their personal achievements and for their volunteer work with the poor, elderly or handicapped. Occasionally, the medal recipients are handicapped themselves and the program has provided them with the kind of incentive necessary to accomplish extraordinary tasks. Always, recognition is bestowed during these ceremonies that would have been overlooked if the Congressional Award program were not in existence.

The Congressional Award has been an outstanding success in my district even though we have had to operate on a very small budget. Our success is due in large part to the enthusiasm of a core group of adult volunteers who give generously of their time to operate the program, raise money and reach out to young people in our local schools and in youth organizations. The community and the news media have also greeted the Congressional Award with great enthusiasm and, most important, young people are participating in the program in large numbers and spreading the word to their peers.

You will no doubt be hearing later from Chairman Patrick O'Malley about the progress of the Congressional Award Program on the national level. Currently, 19 Congressional districts have programs in operation and eight are in the process of being established. A total of 476 bronze and silver medals have been earned and 99 young people from around the country have come to Washington to receive the gold medal.

The Congressional Award national program also benefits from the services of dedicated volunteers, many of whom are leaders in the corporate world. These individuals serve on the national board and work hard to carry out the intent of Congress in the operation of the Congressional Award.

Under the leadership of Chairman O'Malley, a new and clearer direction has been provided to the board and to the national staff. He is to be commended and congratulated for his good work. However, in prior years, the national staff operated without clear direction from the board. I think we can learn from the experiences of the past and make some changes to insure that Congressional intent is being carried out at all times.

I believe Congress should take a more active role in the program which bears it's name. The Award represents an interesting convergence of the private and the public sectors. Fundraising is conducted strictly in the private sector and the board, which runs the program, is composed of private citizens, primarily corporation leaders. Yet, because it is a Congressionally-sanctioned program, I believe it would benefit from an increased participation of the public sector.

Toward that end, I would recommend that Members of Congress be appointed by the leadership to serve on the board in much the same way as private individuals are appointed. This could mean that each of the four members of the leadership: the Speaker and Minority Leader of the House and the Majority and Minority Leader of the Senate would appoint one Member to serve at least one term on the board.

I do not feel the board size needs to be expanded to accommodate these additional members. Vacancies currently exist on the board. It has been suggested by some that board size should be expanded so that the board has a broader geographic representation. This function, however, is provided by the program itself which operates in Congressional districts in all regions of the country. I think an expansion of the board would create a decision-making apparatus that is cumbersome and fragmented. Board size should remain the same. There should be an effort to appoint individuals who are truly committed to the program and able to devote the time necessary to board service. Perhaps the Committee can advise the board on how best to develop some bylaws to encourage better attendance at board meetings.

In regard to the length of terms for board members, I believe we lose the very valuable element of institutional memory when we shorten these terms. In the 1983 amendments to Public Law 98-33, the Congress reduced to two years the length of the terms for those members appointed after March 31, 1983. I urge the Committee to give consideration to reestablishing the original six-year length of those terms. We should continue to permit reappointment of board members after their terms expire. I believe this is crucial to the success of the national program, giving it a continuity that it needs particularly during the formative years.

Finally, it makes sense to require that the General Accounting Office conduct periodic program reviews and annual audits of the fundraising and expenditures of the Congressional Award program and make these available routinely to all Members of Congress. Members who are contemplating setting up award programs in their districts should have easy access to the national program budget so that they may better assess the types of expenses they will incur in their own districts. It is logical to have these functions performed by the GAO as is suggested, although not mandated, by the original authorizing legislation.

Any new program will suffer growing pains and it is clear that there have been great demands on the Congressional Award national staff caused by a rapid increase in the requests for assistance from Members of Congress. In fact, in the last two months, the national office in Alexandria has received inquiries from 158 Congressional offices and 946 other organizations seeking to participate in the program. As a result, I believe it is time that the function of executive director and chief fundraising officer be separated, as these responsibilities are too great for one individual to handle. In most organizations seeking to raise over a million dollars a year and at the same time operate a national program, these two functions are completely separate. I believe it should be so with the national Congressional Award.

It is important that we attract quality people to the staff of the national Congressional Award. However, I do feel that since the Congressional Award is an organization sanctioned by Congress, its salary schedule should more closely reflect that paid to public sector employees. I would urge, Mr. Chairman, that your subcommit-

tee review the responsibilities of the top staff of the Congressional Award and recommend a maximum salary with appropriate consideration of increases in the cost of living. This salary should reflect that paid to managers in the federal workforce at the same level of experience and with roughly equivalent responsibilities.

Finally, I would like to re-state to the subcommittee the founding ideals of the Congressional Award. The program is designed to promote initiative, achievement and excellence among youth in the areas of 1) public service, 2) personal development and 3) physical and expedition fitness.

I do not support the efforts of some to create a separate fourth section called "expedition." I believe that expedition activities are easily incorporated into either the physical fitness category or the personal development category. Creating a fourth category at this current stage of program expansion would be expensive to implement and confusing to local councils. An expedition category could discourage the participation of urban area youth who would find it either too expensive or too impractical for their particular situation. In addition, I do not feel the Congressional Award should try to imitate the Duke of Edinborough Award. Ours is a program of the United States Congress and should remain so.

The Congressional Award is intended to be a motivating but non-competitive program encouraging young people to set and achieve individual goals. Ideally, a young person should begin with the bronze level and progress to the silver and the gold. This benefits the individual and creates an opportunity for Congress to maintain an ongoing, long-term relationship with the young people of America.

Mr. Chairman, I speak from personal experience on the local level that the Congressional Award can accomplish the goals Congress established for it in 1979. I urge that the program be reauthorized.

Mr. WILLIAMS. Thank you very much, Jim.

Mr. Bartlett, any questions?

Mr. BARTLETT. Thank you, Mr. Chairman.

First of all, I want to commend Chairman Howard and Senator Wallop for their extraordinary interest in this extraordinary program. I think we have all been involved—I have since I was quite young—in volunteerism and in involvement by people of all ages in their community, and it is the kind of thing that once students start at young ages, then community service becomes a life long pattern.

I also am particularly impressed and grateful, as I know this entire subcommittee is, by your helpfulness, Jim Howard, and the helpfulness of Senator Wallop in suggesting ways to improve the program to reach more young people.

Let me just ask you a broad question first. should one of our goals be to increase the number of award councils, the penetration issue?

The one thing that I think causes everyone some concern and therefore to look further at finding ways to improve the program is that in 1984 only 22 award councils had been set up.

What do you think a worthwhile goal would be, if you can numerically quantify it? If not, how would you describe where we should go in terms of increased participation?

Mr. HOWARD. I would hope that within the next 2 years or so we might have the program in half the congressional districts. I think what may happen as we look at it at a national level is the way that it has happened in my own district, because we do find that it grows in certain areas.

We may have a counselor in a high school that gets involved and interested in it and all of a sudden we do have a great participation in that area. And then we find in the town next to it, based on some relationship that people are interested in it and it grows. And we find that it sort of expands based on a core, and the fact that

we do have congressional award districts, even though there are not that many at the present time—there are many working toward it, and a great interest, as we have seen, in 158 congressional offices just in the last 2 months.

Now, the first couple of years it was very slow because we were working mainly with bronze and silver, and that kept it in the congressional district. Maybe the adjoining congressional district would hear about it.

But then when we did have the national award program here with the gold medals, that got the attention of many Members of Congress and now their staffs are looking into it.

So, I think that is the way we are going to see it grow. It is going to grow in contiguous fashion from a core. I think that it is really on a roll at this present time.

Mr. BARTLETT. So, you are not satisfied with only 22 councils?

Mr. HOWARD. Oh, not at all.

Mr. BARTLETT. But you think that if we do our job right, we can vastly expand it or cause it to be expanded?

Mr. HOWARD. Right, and I think it will grow that way. It took a very long while for it to get started around the country because people were not that familiar with it.

Mr. BARTLETT. You suggested that Members of Congress be appointed to the board. Would you combine that with the suggestion for shorter authorization periods, in which we can examine the annual report and the results and the costs?

Mr. HOWARD. I would not mind that at all. In fact, I would hope that the Members of Congress who may be on the board would be the people who have the basic responsibility, as this subcommittee has, and that those people be there. Of course, with the shorter reauthorization, depending on how short it is, we get into that question of oversight and if things need to be corrected we can do it quickly, and yet if it is too short it becomes a fragmented situation and we lose a certain amount of continuity.

I think that any amount of time like that would be up to the committee to decide. That is a basic situation we have with our highway bills and almost everything else. It is a two-edged sword.

Mr. BARTLETT. What improvements would you suggest to ensure sound fiscal accounting and accountability so that Congress or the board or someone has oversight over the financial accounts?

Mr. HOWARD. I think a broader knowledge by all the board members of what is going on and a stronger say by the board members—and I believe that has been occurring over the last year or 6 months, so that people could know more about it. It is just the idea that you have a million dollar a year program. We would certainly feel much better if we do have the kind of strong activity on a strong board and strong leadership, which we certainly have with Chairman O'Malley now. I think that is probably the key to the whole thing, rather than having something develop into maybe a one or two or three or four, very small operation and everyone else is just a rubber stamp.

Mr. BARTLETT. So, you would suggest that we mandate the board to adopt a budget, to review the appropriations, essentially to have responsibility over both the expenditures and the revenues?

Mr. HOWARD. Anything that would strengthen the board's decisionmaking and all, I would agree. That seems to be occurring now.

Mr. BARTLETT. Senator Wallop, I think, testified that he would not favor a congressional limitation on a pay rate for the executive director, and you would. Would you tie that to the Federal pay cap, or how would you——

Mr. HOWARD. I just want to see a reasonable salary for it. As to how it would go, I think the members of the committee would be able to make that decision very well.

Mr. BARTLETT. Do you think tieing it to the Federal pay cap would be reasonable?

Mr. HOWARD. That seems to be reasonable to me at this time, yes.

Mr. BARTLETT. Thank you, Mr. Chairman.

Mr. WILLIAMS. Mr. Martinez.

Mr. MARTINEZ. I have no questions. I think it is a great idea and I just asked if there were any in California. There are only two. I would hope that we could expand in California.

Mr. HOWARD. I believe the fact that it has started in California, it is going to expand in California. It takes a while to set it up and organize because you do have to get a board in your own area, you have to get the people who will understand it. Then you really go out to the community and you have the Scouts and other groups, as well as the schools, that expand it.

Even though these numbers are small at this time from the very slow start to get it off the ground, I believe it is moving. The number of adult advisers and the help that they give really will help to expand it.

I wouldn't be a bit surprised if we see in just a few years many of the people who have received this award as adults become advisors because each participant must have an adult advisor following the progress of it. I wouldn't be surprised if we see them in the advisor category.

Mr. MARTINEZ. There is one thing in your statement that drew my attention, and that is the number of years of a term.

Mr. HOWARD. Yes.

Mr. MARTINEZ. You recommend a 6-year term, and evidently someone has recommended a 2-year term. Is a 2-year term recommended because of the ability to replace someone that has lost interest and has not been active? If that is the case, wouldn't it be better to, say, have a 2-year term with an automatic reappointment if that person had been active?

Mr. HOWARD. The two-edged sword again. I would say, you know, wanting to have new blood and fresh ideas in, and yet not wanting to lose the ability and the knowledge of those who are in there, more or less like the congressional term of 2 years which is so very short.

Mr. MARTINEZ. The only difference is they don't have to go out and campaign, and we do.

Mr. HOWARD. That is right.

Mr. BARTLETT. If the gentleman would yield, we don't have to.

Mr. MARTINEZ. You are right. I stand corrected. We have to if we want to get reelected.

Mr. WILLIAMS. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

I am one of the newer Members of Congress whose constituency has benefited from this program. I certainly want to see it reauthorized.

I must confess, though, I don't represent a district that has a great base in terms of industry for fundraising.

I understood you to say, though, you were against Federal support funds for this kind of program.

Mr. HOWARD. Well, I was concerned about it because my own district does not have the kind of corporate base. In the years that we have been operating, I have found that we have been able to operate, that you can operate, on a shoestring. The kind of people that will be attracted to it and the volunteers, we have had an excellent program with a very, very limited budget.

Unless we found that a program just can't operate without Federal funds, I don't at this time feel we need that. I don't think we have seen the case where everything is ready and it can operate but you can't have a program because you don't have enough money.

We don't have much money in my area and we are able to operate it that way.

Mr. HAYES. Do you feel the current $1 million a year program expenditure is adequate, then?

Mr. HOWARD. Well, that is on the national level, yes. You have to raise your own money to operate locally. Certainly Chairman O'Malley will be able to discuss the national budget more. I was just talking about in my own district, because I am not that familiar with all the expenditures on the national level.

Mr. HAYES. I know your time is limited and I don't want to hold you unnecessarily——

Mr. HOWARD. It is important enough.

Mr. HAYES. You mentioned a separation of the positions of executive director and the chief fundraiser. Do you think this would stimulate the fund raising efforts for the program?

Mr. HOWARD. I think that it will improve the fund raising if it is the function of one person. I think it will improve the operation because everyone will have more time. It is a big program, it is an involved program, a national program, and I think that it is just too much to ask one person to not only be responsible for all the fund raising they have to do nationally but also run the whole program. I think with two people in there you would be able to do a much better job. I would hate to see either part suffer because that one individual has too much of a burden.

Mr. HAYES. I notice you mention also that you didn't feel there was any need for the expansion of the numbers of the leadership. But I just wanted to know, formerly I think the total membership of the leadership was 17.

Mr. HOWARD. Yes.

Mr. HAYES. Now, I understood Senator Wallop to say that he would like to see us expand the numbers. Is he talking about beyond 17 or to 17?

Mr. HOWARD. I think they are even higher than that, 35. The proposal was to go to 65 from 35, and I think maybe if we leave it where it is there—you have got certainly a broad enough represen-

tation. I just think if you go to 65 it is going to be that people do not feel that they are nearly enough a part of it to make a mark in it and therefore will sort of drift away and have the board less actively involved.

Mr. HAYES. I think he also indicated that the former President Ford maybe ought to be—he is so busy he doesn't have time to give to the program, as such, and his capacity maybe needs changing. Do you feel the same way?

Mr. HOWARD. No, I don't necessarily believe that. I believe that if you are going to use a name for fund raising or something, there can be special things where people could have their names associated without actually being on the board.

I would like to have the board as an active operator in running the program along with the executive director and the staff. I think if you get to 65 nobody is going to feel that he or she has that much input and therefore that is why I think a reasonable number, maybe 35 would be fine, but not any 65.

Mr. HAYES. Thank you, Mr. Chairman. I have no further questions.

Mr. WILLIAMS. Thank you. Jim, our thanks to you for being here today, and particularly our thanks for your leadership in this effort.

Mr. HOWARD. Thank you very much.

Mr. WILLIAMS. Our final witness today is the Chairman of the Board of the Congressional Awards Program, Mr. Patrick O'Malley.

Pat, if you will come forward and be seated at the hearing table. We appreciate your hard and diligent efforts to see that this important program is successful. I appreciate the time that you have spent with me in preparing for this hearing and we look forward to your testimony today.

STATEMENT OF PATRICK L. O'MALLEY, CHAIRMAN OF THE BOARD, THE CONGRESSIONAL AWARD PROGRAM

Mr. O'MALLEY. Thank you very much, Mr. Chairman. I am delighted this morning to represent our board of directors before Chairman Williams and his committee to report on the progress of the award program and to attempt to answer any questions that might be on your minds.

First, I would like to just advise the Chairman that I really don't walk on water, and after listening to all of these commendations this morning I am beginning to think that maybe I should.

I am also delighted to see a great representative of the city of Chicago here, which is my hometown, and who has done a fantastic job with the Congressional Award in his area. He had 1,100 people at the University of Chicago in an auditorium, all in the finest dress that you could see with the mayor and the superintendent of schools present, and, Congressman Hayes, you did a real bangup job.

Mr. HAYES. Thanks.

Mr. O'MALLEY. A historical overview has been pretty much committed, but I think for the record I probably ought to read the statement that I have here.

On November 16, 1979, the U.S. Congress through the creation of the Congressional Award Act took a major step toward establishing a national movement to encourage voluntary service and personal excellence by young Americans.

As you are aware, the Congressional Award is a program which aims to recognize, encourage and multiply the voluntary and personal accomplishments of youth through voluntarism and self-improvement, which hopefully will return great value to both the community and to the individual himself.

The opportunity to earn an award is available to all young men and women of the ages 14 to 23, and the breadth of personal participation is virtually limitless.

A significant feature of the program is that it presents an opportunity for young people to communicate with their elected representatives in Congress.

The awards are generally presented in a formal, public ceremony intended to showcase and institutionalize highly visible public recognition of volunteerism and personal achievement.

To implement the award's goals, the same congressional legislation authorized a Congressional Award Foundation. By law, the foundation cannot accept any Federal, State, or local government funds. It is wholly funded by the private sector, and I do not disagree with Congressman Howard or Senator Wallop that for the present at least we ought to continue to operate on a public contribution program.

Public Law 96-114 provides the opportunity for the private sector, labor, educational, civic, and youth organizations to voluntarily work in partnership with the public sector, Congress, and State and local government representatives, to help bring America's youth a program which encourages the same concepts that are so vital in business, personal initiative, achievement, service, character, and excellence.

As a background, through the passage of the Congressional Award Act the Congress of the United States created the concept of recognizing outstanding young people in our country for achievement in the areas of voluntary public service, personal development, physical fitness, and expeditions.

Congress directed that the award be administered and funded through the private sector, which we are doing.

For the bronze, the age is 14 to 16, 200 hours of participation; for the silver the age is 17 to 19, 400 hours of participation; and for the gold, ages 20 to 23, 800 hours of participation.

The program goals. The goal of the award is to encourage in young people a sense of volunteerism, citizenship, and leadership by giving of themselves to help their community and to reinforce development of their personal and work skills. The positive qualities that stem from some form of physical fitness or expedition activity are fully recognized in this program.

Quality control procedures. Completed recommendation forms are sent to the national office. These forms contain recommendation statements by an average of four adults of good standing within their communities who have firsthand knowledge of the candidate's accomplishments.

All award recommendations are inspected, verified and approved by the national organization. The local Congressional Award councils, if in place, are trained in the standard award procedures and empowered to recommend candidates for awards.

The award ceremonies are organized for those earning a bronze, silver or gold award.

Once a candidate is approved for an award, they are invited to participate in a formal Congressional Award presentation ceremony where their accomplishments in fulfilling the required program categories are acknowledged.

A Member of Congress presents a Congressional Award medal and Certificate of Achievement to each of the awardees. The purpose of the ceremony is to honor and publicize the accomplishments of these outstanding young people.

Private sector, labor, civic, educational, youth and community leaders, and members of the press are invited to the award ceremonies, as well as representatives from the local government offices.

The formal and dignified award ceremony is designed to appeal to youth and to showcase these outstanding young citizens as role models to their peers and community leaders.

In May 1983 the Minnesota Pilot Program—phase 1 of an extensive research and development plan of the Congressional Award—was concluded. Phase 2 began with the establishment of voluntary award councils in 12 selected congressional districts, which has now been expanded to 22. These councils were test sites as part of a comprehensive research and development plan to formulate a program model to be launched nationwide during the second half of 1985.

The Inaugural Gold Award Ceremony was in Washington, DC, on January 31, 1984. Eleven young persons from Minnesota and Illinois were presented with gold awards by Hon. Robert C. Byrd, Democratic leader of the U.S. Senate, and Hon. Robert H. Michel, Republican leader, U.S. House of Representatives.

The Second Gold Award Ceremony was conducted in the U.S. House of Representatives on February 6, 1985. Forty-nine award recipients representing 10 States received gold Congressional Award medals and certificates of achievement from Hon. Robert Dole, majority leader, U.S. Senate, Hon. Robert C. Byrd, minority leader, U.S. Senate, Hon. Robert H. Michel, minority leader, U.S. House of Representatives, and Hon. Daniel Rostenkowski representing Speaker O'Neill.

Our Third Gold Congressional Award Ceremony will be held in the Congress on September 26, 1985, and I would hope, Chairman Williams, that at that point you will be able to announce that this has been reauthorized for a continued program.

We expect that 77 young people from 15 States will receive gold award medals and certificates of achievement from the Joint Congressional Leadership Commission at this event.

A total of 255 bronze, silver and gold Congressional Awards were presented in 1984, and 261 medals have been approved so far for 1985.

Hopefully, the board's national expansion program will develop the program in all 50 States and in the District of Columbia during 1985. Public awareness and private sector support for the Congres-

sional Award is rapidly growing and we anticipate that 2,500 young people will qualify for the bronze, silver, and gold Congressional Awards by December 31, 1985.

In summary, the award does not duplicate services already provided by existing educational, community or youth organizations, such as the United Way, the YMCA, Boys Clubs, Boy Scouts, 4-H, CYO, Girl Scouts, student councils, the honor societies, Key Clubs, et cetera. Rather, the activities engaged in as part of the membership of these organizations can serve to fulfill one or more of the requirements to earn an award medal.

The award is program enrichment and recognition opportunity for the young people associated with these agencies.

The network of young people in the Congressional Award age groups reachable through these organizations is substantial. For example, the National Collaboration for Youth represents 24 million young people through its 13 major agencies.

The Congressional Award is the only civilian award authorized by the Congress of the United States with the exception of the Congressional Medal of Honor.

The Congressional Award logo includes two nationally recognized symbols of government, the American eagle and the Capitol dome. These symbols of American democracy and freedom are easily recognized and respected by the general public. The board has adopted stringent controls to publicly protect the name and the logo.

The award will soon be promoted to the 37 million young people in the United States between the ages of 14 and 23 with the goal of recognizing and encouraging volunteerism and personal achievement.

Millions of concerned adult volunteers, community leaders and families will help recommend those who have already met the national requirements for a Congressional Award and will encourage others to emulate the positive example of their peers.

Those who have earned Congressional Awards demonstrate a renewed commitment to volunteerism and personal achievement and have reported that in many instances the credential of a Congressional Award has helped open doors of opportunity for jobs, scholarships and leadership training.

It might be of interest, especially to Congressman Hayes, that one young black boy about 18 years old from Chicago is now a leader in the community in breaking up games, taking people out of dope, is making speeches around the city and is just doing a fantastic job.

There are numerous opportunities for appropriate local, state, regional and national program partnerships involving the award.

Special events can be created centering on any local institution or agency where young people are performing their voluntary service requirements. As an example, a home for senior citizens or hospital.

The activities serve to publicize the achievements of the awardees, the program, its community partners and the private sector supporters.

The people who voluntarily give of themselves through the award movement include not only the young people who have earned the awards, but the adults who advise and recommend

them, the community organizations where they do their voluntary and personal development work, the Members of Congress who present the award, and the private sector leaders who provide the financial and resource support needed to operate the program.

A number of distinguished Americans on our board of directors and individuals involved with the founding of the Congressional Award who represent the minority and economically disadvantaged, disabled and handicapped, corporate America, and the National Collaboration for Youth graciously agreed to provide written testimony on the program for the Congressional Record.

I am proud, Mr. Chairman, to include the statements of these gentlemen, which I will pass to you for including in the record.

At Chairman Williams' request, I am pleased to comment on the board's recommendations for proposed amendments.

The only proposed amendments, Mr. Chairman, that I would recommend today—and I believe I have a copy of those recommendations here—would be one that involves changing—let me get the actual record itself. If there is anything we are not short of, it is Congressional Award paper. And that one I don't have, unfortunately.

All right. The board of directors at our February 6, 1985, meeting approved a recommendation of some amendments to Public Law 96-114 to be presented to the subcommittee for consideration.

In section 3(a) we suggest a change in the language to read, "to promote initiative, achievement, and excellence among young people in the areas of public service, personal development, expeditions and physical fitness."

And in section 3(a) and 3(c) we propose that the language be added to apply to U.S. citizens from 14 to 23 who reside overseas.

In all probability we will not be involved with overseas young citizens at the present moment, but as time goes on we might want to be and I think we ought to at least have it in the record that they can be included.

The other amendment that was proposed was to increase the size of the board to 65. Mr. Chairman, I am going to withdraw that proposed amendment in light of the comments of Senator Wallop and Congressman Howard. I am going to recommend that we maintain the maximum of 35 or 36 which we presently have, but suggest that we establish an honorary category, so that we can move some of those who are now among the 35 into an honorary category and replace them with people in the corporate, professional, congressional or political world who will make a contribution to the overall program and who will work with it.

So, I would suggest we withdraw the recommendation for the amendment to increase the board to 65 and substitute in its place a recommendation that we establish an honorary category on the board.

Mr. Chairman, on behalf of the board of directors and the national staff of the Congressional Award Program, I wish to thank Congress, I wish to thank you, particularly, and members of the Select Education Subcommittee for the opportunity to appear today and testify on behalf of the organization.

I would like to add just one or two comments.

I think what you have done in providing this opportunity to young people is one of the most effective ways that we have today to do something for young people who are being dropped out of school because they can't afford to go, who are not able to get jobs because of the myriad of problems that they are faced with in the work world, and this gives them something to get their mind active, gives them something to believe in, something to do.

And they are now establishing, Mr. Chairman, an alumni of Congressional Award winners, and that alumni is going to be a force for good in this country for a long period to come.

Thank you very much.

[The prepared statement of Patrick L. O'Malley follows:]

PREPARED STATMENNT OF PATRICK L. O'MALLEY, CHAIRMAN OF THE BOARD, THE CONGRESSIONAL AWARD

I am delighted to represent our Board of Directors before Chairman Williams and his committee to report on the progress of the Award program and to attempt to answer your questions.

HISTORICAL OVERVIEW:

On November 16, 1979, the United States Congress through the creation of the Congressional Award Act took a major step toward establishing a national movement to encourage voluntary service and personal excellence by young Americans.

As you are aware, the Congressional Award is a program which aims to recognize, encourage and multiply the voluntary and personal accomplishments of youth through volunteerism and self-improvement; which hopefully will return great value to both the community and individual. The opportunity to earn an Award is available to all young men and women 14 to 23; the breadth of personal participation is virtually limitless.

A significant feature of the program is that it presents an opportunity for young people to communicate with their elected representatives in Congress. The Awards are generally presented in formal public ceremonies intended to showcase and institutionalize highly visible public recognition of volunteerism and personal achievement.

To implement the Award's goals, the same Congressional legislation authorized a Congressional Award Foundation. By law the Foundation cannot accept any federal, state or local government funds; it is wholly funded by the private sector.

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PL 96-114 provides the opportunity for the private-sector, labor, educational, civic and youth organizations to voluntarily work in partnership with the public sector, Congress, and state and local government representatives to help bring America's youth a program which encourages the same concepts that are so vital in business and government -- personal initiative, achievement, service, character and excellence.

BACKGROUND:

Through passage of the Congressional Award Act, the Congress of the United States created the concept of recognizing outstanding young people in our country for achievement in the areas of voluntary public service, personal development and physical fitness and expeditions. Congress directed that the Award be administered and funded through the private sector.

NATIONAL REQUIREMENTS TO ACHIEVE A CONGRESSIONAL AWARD:

BRONZE	AGE: 14-16	o Voluntary Public Service	100 Hours
		o Personal Development	50 Hours
		o Physical Fitness/Expeditions	50 Hours

If, within one year before the date of recommendation, you have completed 200 activity hours in the three areas.

SILVER	AGE: 17-19	o Voluntary Public Service	200 Hours
		o Personal Development	100 Hours
		o Physical Fitness/Expeditions	100 Hours

If, within two years before the date of recommendation, you have completed 400 activity hours in the three areas.

GOLD	AGE: 20-23	o Voluntary Public Service	400 Hours
		o Personal Development	200 Hours
		o Physical Fitness/Expeditions	200 Hours

If, within three years before the date of recommendation, you have completed 800 activity hours in the three areas.

The Congressional Award recognizes balanced achievement in volunteerism and personal activities:

"VOLUNTARY SERVICE"	Work without pay performed for any individual, group or entity which is of social significance and contributes to the good of the community and its people.
"PERSONAL DEVELOPMENT, PHYSICAL FITNESS/EXPEDITIONS"	Activities requiring personal discipline in setting and achieving goals outside one's regular work or school schedule, so that personal interests, social and job skills are developed, along with the improvement of personal health, fitness and leadership.

PROGRAM GOALS:

The goal of the Award is to encourage in young people a sense of volunteerism, citizenship and leadership by giving of themselves to help their community and to reinforce development of their personal and work skills. The positive qualities that stem from some form of physical fitness or expedition activity are fully recognized.

QUALITY CONTROL PROCEDURES:

Completed recommendation forms are sent to the national office. These forms contain recommendation statements by an average of four adults of good standing within their communities who have first-hand knowledge of the candidate's accomplishments. All Award recommendations are inspected, verified and approved by the national organization. Local Congressional Award Councils, if in place, are trained in the standard Award review procedures and empowered to recommend candidates for Awards.

AWARD CEREMONIES:

Local Award ceremonies for medalists are organized for all those earning bronze, silver or gold Awards. Once a candidate is approved for an Award, they are invited to participate in a formal Congressional Award medal presentation ceremony where their accomplishments in fulfilling the required program categories are acknowledged. A member of Congress presents a Congressional Award medal and Certificate of Achievement to each of the Awardees. The purpose of the ceremony is to honor and publicize the accomplishments of these outstanding young people.

Private sector, labor, civic, educational, youth and community leaders and members of the press are invited to Award ceremonies, as well as representatives from the local government offices. The formal and dignified Award ceremony is designed to appeal to youth and to showcase these outstanding young citizens as role models to their peers and community leaders.

In May, 1983, the Minnesota pilot program (Phase 1 of an extensive research and development plan of the Congressional Award) was concluded. Phase 2 began with the establishment of voluntary Award Councils in twelve selected Congressional districts and was expanded to twenty-two. These Councils were test sites as part of a comprehensive research and development plan to formulate a program model to be launched nationwide during the second half of 1985.

The Inaugural Gold Award Ceremony was held in Washington, D.C. on January 31, 1984. Eleven young persons from Minnesota and Illinois were presented with gold Awards by The Honorable Robert C. Byrd, Democratic Leader, United States Senate, and The Honorable Robert H. Michel, Republican Leader, United States House of Representatives.

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Our third gold Congressional Award ceremony will be held in the Congress on September 26, 1985. We expect that seventy-seven young people from 15 states will receive gold Award medals and Certificates of Achievement from the Joint Congressional Leadership Commission at this event.

A total of 255 bronze, silver and gold Congressional Awards were presented in 1984 and 261 medals have been approved to date for 1985.

Hopefully the Board's national expansion program will develop the program in all 50 states and the District of Columbia during 1985. Public awareness and private-sector support for the Congressional Award is rapidly growing and we anticipate that 2,500 young people will qualify for bronze, silver and gold Congressional Awards by December 31, 1985.

SUMMARY:

The Award does not duplicate services already provided by existing educational, community or youth organizations, such as United Way, YMCA's, Boys Clubs, Boy Scouts, 4-H, CYO, Girl Scouts, Student Councils, Honor Societies, Key Clubs, etc. Rather, the activities engaged in as part of membership in these organizations can serve to fulfill one or more of the requirements to earn an Award medal. The Award is program enrichment and

recognition opportunity for the young people associated with these agencies. The network of young people in the Congressional Award age groups reachable through these organizations is substantial, e.g., the National Collaboration for Youth represents 24 million young people through its 13 major agencies.

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There are numerous opportunities for appropriate local, state, regional and national program partnerships involving the Award. Special events can be created centering on any local institution or agency where the young people are performing their voluntary service requirements, e.g., a home

for senior citizens or a hospital. The activities serve to publicize the achievements of the Awardees, the program, its community partners and private-sector supporters.

The people who voluntarily give of themselves through the Award movement include not only the young people who have earned Awards, but the adults who advise and recommend them, the community organizations where they do their voluntary and personal development work, the members of Congress who present the Award and the private-sector leaders who provide the financial and resource support needed to operate the program.

A number of distinguished Americans on our Board of Directors and individuals involved with the founding of the Congressional Award who represent the minority and economically disadvantaged, disabled and handicapped, corporate America and the National Collaboration for Youth graciously agreed to provide written testimony on the program for the Congressional Record. I am proud to include their testimonials on the impact of the Congressional Award on young people and the national need for this movement.

At Chairman Williams' request, I am pleased to comment on the Board's recommendations for proposed amendments to the Congressional Award Act. (THE CHAIRMAN WILL MAKE A STATEMENT REGARDING BOARD RECOMMENDATIONS ON AMENDMENTS TO THE CONGRESSIONAL AWARD ACT.)

Mr. Chairman, on behalf of the Board of Directors and the national staff of the Congressional Award Foundation, I wish to thank the Congress, you, and the members of your Select Education Subcommittee for the opportunity to appear today and testify on behalf of our organization.

Statement on the Congressional Award Act (P.L. 96-114)
by
DR. HENRY VISCARDI, JR.

Member, International Committee
The Congressional Award
Chairman Emeritus, Human Resources Center and
Chairman, White House Conference On Handicapped Individuals

I am very proud to have been appointed by The Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representatives, to the Board of Directors of the Congressional Award in 1983.

I am proud to be the founder of the Human Resources Center in New York which has pioneered rehabilitation, vocational and leadership training for hundreds of thousands of disabled Americans and helped them fulfill their hopes, dreams, dignity and potential as contributing and proud citizens of our country.

I am honored to have served every President since Franklin D. Roosevelt as an advisor on programs and issues affecting handicapped and disabled Americans, and I am pleased to submit a written statement in support of the reauthorization of the Congressional Award Act.

I have seen, heard and experienced the impact that the Congressional Award program has on young Americans and their communities. They feel the Congressional Award meets a real need for them because it publicly tells them:

- You are important to others and needed by your community.
- You can make a difference in America today and tomorrow by giving, caring and sharing your strengths, love and skills through volunteerism.
- You should strive to be the best you can be.
- You must continue to hope, dream and pay the price to make them come true.
- You are an American --- proud and dedicated to being a builder, leader and doer --- and your country appreciates you.

My dear friend Senator Robert C. Byrd, a distinguished member of the Congressional Award Joint Congressional Leadership Commission, praised the private-sector and our staff on the results of the national initiative on this project at a recent gold Congressional Award ceremony in the Congress. He then said to our Awardees, "I have seen America at its best today and I will not forget what I have seen." I share that sentiment.

Volunteerism is the cornerstone of the Congressional Award. If you agree with me that volunteerism is good for America and Americans, then I suggest to you that the Congressional Award is a counter-offensive to many negative influences that attack the minds and bodies of our young people and the heart and soul of America.

The Congressional Award in the finest American tradition is a voluntary movement of the people, by the people and for the people. Despite our history of volunteerism and unique record of doing by and for ourselves what needs doing, today there is a tendency to say "Let the government do it." When the government does it, the doing is usually more costly, less free, more complicated and generally less productive and effective for America and Americans.

We desperately need to tell young Americans that they are needed and why they are needed and important NOW. Our Congressional Award program, as currently structured on an equal opportunity basis, has given handicapped, disabled and other young Americans encouragement to volunteer and be the best that they can be.

The Congressional Award program is not now and should never be a political movement. I sincerely hope that the current healthy partnership between Congress and the private-sector on behalf of the youth of our nation will be maintained in the reauthorization of our enabling statute.

We have an enormous job on our hands to preserve the American values and the America that we love. We need all the help we can get today from our young people -- the kind of young people who have been recognized by the Congressional Award and challenged to renew their commitment to being builders, volunteers, workers and individuals of character in America.

The Congressional Award symbolizes the "Can Do" spirit of young America. The full potential of this program will be realized through our national expansion project. The flame lit during the beginning stages of this emerging national movement will burn brightly across our nation for this and all future generations to come.

Statement on the Congressional Award Act (P.L. 96-114)
by
CHRISTOPHER F. EDLEY

(Treasurer, Congressional Award Board of Directors,
President and Chief Executive Officer, The United Negro College Fund,
Former Senior Executive, The Ford Foundation)

The Honorable Thomas P. O'Neill, Jr., the Speaker of the United States House of Representatives, honored me with a 1983 appointment to the Board of Directors of The Congressional Award. I naturally have a special interest in the needs of minority and economically-disadvantaged Americans in this private-sector initiative to honor the volunteerism and achievements of our young people.

The purpose of the Congressional Award is directly in line with the mission of the United Negro College Fund. My national agency colleagues and I are delighted that the Board and staff have consistently devoted substantial resources to ensure that the broad outreach efforts needed to involve minority and economically-disadvantaged youth and their communities in this recognition movement is protected.

Franklin A. Thomas, the President of the Ford Foundation, is supporting the voluntary establishment of the Congressional Award on a national basis. He said of the program:

> "The Award is focused on a critical area of need, namely, encouraging young people to achieve their best, both for themselves and for the larger society of which they are a part.
>
> "To enhance this through a recognition program stemming from the Congress of the United States places this issue and these objectives at the center of our democratic system and gives high-level bi-partisan support."

I am impressed by the extensive volunteer leadership commitment and service by our Board members and the support of corporate America for the field testing of this huge undertaking by the private sector.

The National Director and his staff and volunteers have done a remarkable job of bringing the research and development phase of the Congressional Award program so far without sacrificing high quality or abandoning the commitment to equal opportunity.

We must not pretend that existing opportunities alone will service all or most of the critical needs of our youth. Young people of enormous potential require motivation, supervision, adult attention and positive reinforcement. The Congressional Award is meeting those needs in communities throughout our country.

Equal opportunity to earn Congressional Awards is an integral aspect of the Congressional Award mandate and it must not be compromised.

The current Congressional Award program is not an experiment; it is born of need, experience and solid research. I predict great future impact and success for this Congressional Award movement and know that at this stage our national program has only just begun.

Statement on the Congressional Award Act (P.L. 96-114)
by
THE HONORABLE PHILLIP V. SANCHEZ

Chairman, Government Relations Committee
The Congressional Award
(Former United States Ambassador to Columbia and Honduras)

I was privileged to be appointed to the Congressional Award Board in September of 1983 by the Majority Leader of the United States Senate and am proud to be a representative voice for Hispanic Americans and minorities on this distinguished Board.

I sincerely feel this is a fine worthwhile opportunity to be personally involved in encouraging the young people of American to gain recognition from the Congress for their initiative, achievement and service. It is perhaps a sad commentary on our society that we feel and hear so much public emphasis on the problems being experienced by our young people today. Their many positive accomplishments are too often left unheralded. The positive emphasis on accomplishments, acquiring work expertise, citizenship and character development provided by the Congressional Award program is a giant step toward recognizing and encouraging excellence and volunteerism by young Americans.

In fulfilling my responsibilities as a Board member and Hispanic leader, I feel that every effort must be made to protect the equal opportunity and non-discriminatory program approach of the Congressional Award. Determined outreach efforts need to be made in every instance to include minority Americans in the Congressional Award movement.

I am pleased to report to you that my presentations on the Congressional Award have been enthusiastically received by Hispanic-American political, civic and community leaders. For example, the National Hispanic University is on record as fully endorsing the objectives and programs of tne Congressional Award, as it is currently structured.

The founding Board, national staff and supporters of this program have my utmost respect as well as my abiding gratitude for letting me share in this exciting initiative that renews our basic American values for the youth of today and generations to come.

Statement on the Congressional Award Act (P.L. 96-114)
by
C. WILLIAM VERITY

Member, Board of Directors
The Congressional Award
(Chairman, Executive Committee ARMCO, Inc.
Chairman, President's Task Force on Private Sector Initiatives)

I am testifying in support of the testimony provided by Patrick L. O'Malley on behalf of the reauthorization of PL 96-114 (The Congressional award Act). I also wish to support the proposed amendments suggested by Patrick L. O'Malley to PL 96-114.

I have been involved with the Congressional Award program since its beginning and have been most impressed with the heart-warming results of this very innovative program.

As Chairman of the President's Task Force on Private Sector Initiatives, I have been privileged to review many private-sector programs throughout this country over the past three years. The Congressional Award program is the outstanding private initiative. It is a most appropriate use of the seal of Congress.

What better purpose could there be for a private-sector initiative than to encourage American youth to set goals for their own improvement and in addition to make positive commitments to serve the community and nation through volunteering many hundreds of hours of service.

Anyone who has witnessed a Congressional Gold Award ceremony in Washington or a Congressional bronze and silver Award at the Congressional district level have been thrilled by the stories of self-reliance and service to community and nation by these Award winners. And of equal importance has been the support each has received from family and school teachers and principals.

The program achieves three other important benefits: (1) This program brings a community together in support of its youth and creates great pride on the part of all citizens in the accomplishments of its youth. (2) It provides a means for young people to relate personally with the Congressman and Congresswoman. And it provides to the Congressperson the opportunity to inspire and encourage youth in his or her district to become better and more productive and more contributing citizens. (3) It provides a program which is non-political and non-partisan wherein a Congressman and leaders in his district can work constructively for the betterment of that district.

I urge Congress to not only reauthorize support of this outstanding program but to do all in their power and facilitate the spread of the Congressional Award program to more Congressional districts.

The record to date is so outstanding that this program should be spread to all 435 districts just as fast as possible and certainly by the year 1992. If this could be achieved, I can visualize a stronger and more self-reliant and more committed youth who can then lead this nation to the advantage of all citizens.

Statement on the Congressional Award Act (P.L. 96-114)
by
FRED C. LICKERMAN

Executive Director
International Federation of Keystone Youth Organisations
(Former Executive Director, Chicago Boys and Girls Clubs)

During the original hearings on Public Law 96-114, it was my privilege to testify as the Executive Director of the Chicago Boys and Girls Clubs in support of the Congressional Award Act. Now, as the professional leader of the world-wide family of Boys Clubs, Boys and Girls Clubs, Youth Clubs and Youth Center organizations, I enthusiastically endorse the reauthorization of a law that has had a dramatic impact on the lives and dreams of many inner-city youth, and their families, peers, and communities.

The Chicago Boys and Girls Clubs for several years has provided the initial leadership to the Congressional Award program in the First and Eighth Congressional Districts in Illinois. We actively serve on both Congressional Award Councils, have initiated workshops with other agencies to identify and involve their youth, and helped to organize the first community-based recognition ceremonies for Chicago.

Our operational staff, as well as the staff of other youth-serving institutions, work in housing projects and economically depressed minority neighborhoods. We have been able to demonstrate that the concepts promoted by the Congressional Award are viable alternatives for youth who may otherwise be involved in anti-social and disruptive behavior to society and to themselves.

Youth who receive Congressional Awards proudly display this award; they serve as role models, and encourage other youth to improve their communities through volunteer activities. Each awardee has become a public example of how all youth can use their talents and energy to make a significant improvement in their neighborhood.

The Congressional Award program has become a bridge between young people and their political leadership. Through district dialogue with Congressional representatives youth have developed a new awareness of the responsibility and requirements for living productively in a democratic society.

CHAIRMAN'S REMARKS REGARDING BOARD RECOMMENDATIONS ON PL 96-114.

THE BOARD OF DIRECTORS, AT OUR FEBRUARY 6, 1985, MEETING, APPROVED THE RECOMMENDATION OF SOME AMENDMENTS TO PL 96-114, TO BE PRESENTED TO THE SUBCOMMITTEE FOR CONSIDERATION.

IN SEC. 3(A) WE SUGGEST A CHANGE IN THE LANGUAGE TO READ, "TO PROMOTE INITIATIVE, ACHIEVEMENT, AND EXCELLENCE AMONG YOUNG PEOPLE IN THE AREAS OF PUBLIC SERVICE, PERSONAL DEVELOPMENT, EXPEDITIONS AND PHYSICAL FITNESS."

TO PROVIDE EQUAL OPPORTUNITY FOR MINORITY AND ECONOMICALLY DISADVANTAGED YOUNG PEOPLE, EXPEDITIONS IS CURRENTLY AN ELECTIVE COMPONENT THAT CAN BE INCLUDED IN THE PERSONAL DEVELOPMENT OR PHYSICAL FITNESS SECTION OF THE REQUIREMENTS TO EARN AN AWARD. WE FEEL THIS IS A CRUCIAL ELEMENT OF THE PROGRAM.

ALSO, IN SEC. 3(A) AND 3(C), WE PROPOSE THAT LANGUAGE BE ADDED TO APPLY TO U.S. CITIZENS FROM 14 TO 23 WHO RESIDE OVERSEAS. THESE YOUNG MEN AND WOMEN SHOULD HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE CONGRESSIONAL AWARD PROGRAM AND TO BE PRESENTED AN AWARD BY A MEMBER OF CONGRESS OR THEIR REPRESENTATIVE FOR THEIR ACHIEVEMENTS AND CONTRIBUTIONS TO SOCIETY.

WE PROPOSE THAT THE SCHOLARSHIP PROVISION IN THE REAUTHORIZING LEGISLATION BE BROADENED TO INCLUDE BRONZE AND SILVER AWARDEES FOR THE TIME WHEN THE CONGRESSIONAL AWARD FOUNDATION IS IN A FINANCIAL POSITION TO SET UP A SCHOLARSHIP FUND. OUR PROGRAM COMMITTEE, AT THE APPROPRIATE TIME, WILL DEVELOP NONCOMPETITIVE STANDARDS FOR SCHOLARSHIP RECIPIENTS IN LINE WITH THE PHILOSOPHICAL MANDATE OF PL 96-114.

IN THE PROPOSED AMENDMENTS THE BOARD HAS ATTEMPTED TO PLAN FOR THE FUTURE OF THE CONGRESSIONAL AWARD. OUR AMENDMENT, WHICH ALLOWS FOR A MAXIMUM OF 65 MEMBERS WILL ASSIST US IN RAISING NEEDED PRIVATE-SECTOR FUNDS AND IN ACCOMPLISHING OUR GOAL TO MAKE THE CONGRESSIONAL AWARD AVAILABLE ON AN EQUAL OPPORTUNITY BASIS TO ALL YOUNG AMERICANS. A WORKING EXECUTIVE COMMITTEE WILL SERVE AS AN INTERIM BOARD TO OPERATE THE CONGRESSIONAL AWARD FOUNDATION AND WILL MEET SIX TIMES A YEAR. OUR BOARD OF DIRECTORS SERVES MANY PURPOSES. SOME OF OUR BOARD MEMBERS SERVE AS MAJOR FUNDRAISERS FOR THE PROGRAM, OTHERS BRING VALUABLE RESOURCE SUPPORT, EXPERTISE AND TALENTS, AND IN SOME INSTANCES NATIONALLY RESPECTED NAME RECOGNITION. ALL OF THESE COMPONENTS, TOGETHER WITH FUTURE CONSIDERATION FOR EQUITABLE REGIONAL REPRESENTATION, ARE ESSENTIAL TO THE NATIONAL EXPANSION OF THE CONGRESSIONAL AWARD PROGRAM.

WE LOOK FORWARD TO WORKING WITH THE SUBCOMMITTEE ON THE REAUTHORIZATION OF THE CONGRESSIONAL AWARD ACT.

PATRICK L. O'MALLEY

Patrick L. O'Malley, Chairman Emeritus of the Canteen Corporation in Chicago, was elected Chairman of the Board of the Congressional Award; a Congressional and private-sector partnership to honor the initiative, achievement and service of the young people of America, on September 10, 1984.

Mr. O'Malley, a business and civic affairs leader, has served on the Board of the Congressional Award since its inception in 1979 and continues a national commitment by distinguished corporate leaders from Illinois to establish and promote the program nationwide. Representatives Michel, Rostenkowski and Hayes, and Senators Dixon and Simon all actively promote the program in their home state of Illinois.

Upon Mr. O'Malley's election as Chairman, the Speaker of the House, Representative Thomas P. O'Neill, Jr., said, "My good friend Pat O'Malley will be a dedicated and hard-working chairman of the Congressional Award. I look forward to working with him to give every young American the opportunity to earn a Congressional Award." Representative Bob Michel, House Republican Leader, expressed pleasure at his election and said, "Pat O'Malley has a solid record in public service and the private sector. I look forward to working with him."

Recognized as a leader in his industry and in the business world, Mr. O'Malley was Vice President and General Sales Manager for the Coca-Cola Company, served as President of the National Restaurant Association and was Chairman of the National Institute for Foodservice Industry and the National Automatic Merchandising Association before joining the Canteen Corporation in 1962.

He is Chairman of the Board of the Michigan Avenue National Bank, Director Emeritus of Trans World Corporation, a Director of Bally Manufacturing Corporation and United Cerebral Palsy of Greater Chicago. Mr. O'Malley has been Chairman of the Chicago Plan Commission, President of The Chicago Park District and a member of the Board of Chicago's Regional Transportation Authority.

Among his many honors, Mr. O'Malley twice has been named "Sales Marketing Executive of the Year" by the Sales Marketing Executives of Chicago; is an Horatio Alger Award recipient; and was named "Restauranteur of the Year" in 1978 by the National Restaurant Association. He is a member of the American chapter of the Knights of Malta.

A recent honor for Mr. O'Malley was being named Grand Marshall of the 1985 St. Patrick's Day Parade in Chicago.

Mr. WILLIAMS. Thank you, Chairman O'Malley. We very much appreciate your good counsel and testimony here this morning.

Mr. Hayes, any questions of Mr. O'Malley?

Mr. HAYES. Mr. Chairman, thank you very much. I don't have any questions. I just want to comment that I think the testimony which Mr. O'Malley has given attests to not only his leadership as chairman of the board of directors of the Congressional Award Program but his hard work.

I think his leadership in this work has certainly been a stimulus, I know to me as a Congressman who knew very little about the program, in giving an opportunity to some of the people in my district, the young people who didn't know about it either, to take advantage of an opportunity to be recipients of the awards.

I guess the important thing in respect to this kind of a program is their involvement and their willingness to meet the challenge of earning the awards which they receive. And he said it, I think they will be role models for others to follow and they have certainly been a credit to my congressional district.

I just want to thank you personally for the kind of program and your leadership to that program.

Mr. O'MALLEY. Thank you, Congressman Hayes.

Mr. WILLIAMS. Thank you, Mr. Hayes.

Mr. O'Malley, as you know and agree, the Congress has an obligation in its reauthorization of this program to pursue any questions that it might have for both the benefit of the program and to ensure that the reauthorization language is the best that we can possibly write. It is in that spirit that I want to pursue a few questions with you.

In an audit dated September 30 of last year, 1984, Ernst & Whinney ended their audit with the following statement, quoting now:

> During the periods ending September 30, 1984, and December 31, 1983, the foundation paid approximately $16,000 and $15,500 respectively in consulting fees to certain employees, their spouses and corporations controlled by them for accounting, editorial and other related services.

I understand these fees were paid specifically to the executive director's wife, to a program employee and to his wife.

In addition, our review of program's financial records indicates that the program paid for travel expenses of the executive director's wife in March 1984, $60 cab fares for the executive director, which apparently he used to ride from his home to his office and return to his home, for entertainment expenses associated with the executive director's wife and other family members, and for a limousine from the Chicago airport to a board member's home.

On the face of it, these payments raise the notion of lavishness, and yet the Congressional Awards Program is set up to encourage voluntary public service and, of course, personal development in America's youth.

First, is the board aware of those payments? Did they then or do they now approve of them? If they do not, what steps have they taken to rectify against such a situation happening in the future?

Mr. O'MALLEY. Mr. Chairman, I think those are very fair questions. As chairman of the board, I have, since these issues have been brought up to the board, made a thorough investigation of all of the questions that are being asked here today.

There is no question but that the executive director did employ his wife at the rate of $25 an hour to write the editorial material that was put into the annual report. This was done by the executive director without discussion with the board of directors.

However, the board of directors, upon investigation, found that it was probably the most economical way he could approach this job to get what we needed done for the 1983 report.

To substantiate that, we checked with Brust & Mosteller to find out what their wage scale was to have this kind of editorial work done, and it ran anywhere from $60 to $125. And this girl did it for $25, a total cost if I recall correctly of something in the area of $2,500—it is either $2,500 or $5,000. She did a very effective job. By the way, she is a professional editorial writer. There was every reason in the world to do it.

In order to avoid any possible suggestion of a conflict of interest or the misuse of funds, the board of directors has faced that issue and are now putting together the necessary bylaws that will ensure that in the future all work of that type would be done by someone other than members of the family of employees.

In the area of Mr. Fedderman's wife, she was employed at the rate of $300 a month after we lost our financial officer to maintain the books and the records of the association, of the Congressional Award Program.

We find out upon investigation that for the nine months in which she did it, she saved us a substantial amount of money because it would have cost us much, much more to have put a controller in there or hire a financial officer to do this work.

However, again, in light of the fact that the board has recognized the need to correct these kinds of instances and to avoid any possible suggestion that there is a misuse of funds, the Board has instructed the executive director that under no circumstances can he employ the wives or associates of people who are on his staff today.

The end result is that we now have a financial officer who is very competent. He is an Indian who has a great background not only in the accounting world but also in the field of computer and data processing. So, I think we have got that done.

Now the area of expenses; $60 for cab fares, I am not too sure whether those $60 weren't spent with Tony bringing me down to the Consular General's office of Ireland, of Japan, of a host of other places, because I certainly didn't have a car when I was there, and I don't know that he would want to bring his car downtown because I think the parking costs would have been greater than some of the expenses there.

Also, in checking with Tony, I found out that he did use cabs occasionally to go to the airport and he did use cabs when his car was out of order to get back and forth to his home.

He further stated that the limousine that was involved in Chicago was a limousine controlled by Mr. Clement Stone and that the cost that he paid for that limousine was equivalent to what a cab fare would have been because Mr. Stone paid the balance of the cost of the cab fare.

Now, those are the best answers I can give you on the basis of the records that I have checked.

The significant thing is that the questions have been asked and controls have been put in place to avoid any future possibility of those questions having to be asked again.

Mr. WILLIAMS. Our records indicate that the 1983 annual report—this document—cost about $35,000 to produce. And apparently approximately one-third of the cost was paid to program employees and spouses of program employees. Apparently, the executive director's wife received $6,000 and the operations manager and his wife received $1,000 each.

The printer received approximately $26,000 for designing and doing the art work and printing 8,000 copies.

By the way, the report indicates that Congressional Awards were given that year in six, only six congressional districts, but that the expenses exceeded revenues by $236,372 for that year.

My question primarily is this: Given that the program was so small and that it was operating in a deficit condition, why was it deemed necessary to spend what appears on the fact of it, Pat, to be an excessive amount for this report? Also, why was it necessary to employ program employees and their spouses to work on the annual report? Also, were the services they provided also provided by the George W. King Co.?

Mr. O'MALLEY. Mr. Chairman, we have a letter from the George W. King Co., which I would put into the record, which specifically states that their costs did not include the editorial writing and that the editorial writing was done by professional members of the families of the board, and that the cost, in their opinion, was must less than it would have been had they gone outside to get professional help from other sources.

Now, in terms of the overall cost of a program that had six districts, in effect—I was not chairman at that time but I was privy to what was going on.

The facts are that the best sales tool that we had for generating funds to keep this program going was that annual report, and it is the best one even to this day for generating funds.

The end result of it was, before that we had raised something in the area of $200,000 or $300,000, and when we started sending this report out to the corporate world and to the foundations where we might be able to generate funding, that year we raised our funding to $856,000.

So, it occurred to me that the investment in this annual report, even though it may seem exorbitant at the moment, was probably an investment to generate the funding that is so required from the public to keep this program going.

My personal feeling is—and I wasn't chairman at the time—it was a good investment of corporate funds or association funds to build for the future of the program.

I might say that this year's report has just come out—I think everybody has a copy of it—and I have mailed it to some 50 or 60 corporate leaders in and around the State of Illinois, and you would be amazed with the response we are getting in terms not only of their willingness to participate in one way or another, but the fact that they did not know enough about the program to have been knowledgeable in the past and this brought them up to date,

and I think we are going to generate a tremendous source of funding as a result of it.

Mr. WILLIAMS. Let me also draw your attention to this copy of the Official Congressional Awards Catalog. It contains items apparently for sale, items that bear the official name of the program and one of the official symbols of this Government, the eagle with the arrows in one talon and the olive branch in the other.

As you know, Mr. O'Malley, the Congress is very sensitive about how its name and its symbols are used. To some, this catalog could appear to be a commercialization of both the names and the symbols.

I recall from the original hearings that established this program, a discussion took place highlighting the importance of being able to use the name of Congress to stimulate fundraising. So, there was some anticipation, at least by one committee that heard this matter, that there would be some use of the name and perhaps the symbol for the stimulation of dollars.

As you know, Congress has a responsibility to protect its name and the very important symbols of this Government.

Do you have any suggestions for our reauthorization legislation which would ensure adequate congressional control over the sale of items in this catalog or other items envisioned? Also, please inform us today as to the intention and extent of the use of this catalog and the items therein?

Mr. O'MALLEY. Mr. Chairman, that is an excellent question. There is nothing that the board of directors of this award program has been more concerned about than protecting the use of the congressional name.

In putting together this catalog, two major corporations came and presented to the board a number of different ideas in paper form as to what they thought they might be able to do to help promote this Congressional Award Program.

One of the companies was chosen by the board and put $145,000 of money in tooling, all of which is—all of these congressional award items are to be manufactured in the United States—but brought to us a model of every particular item in this book. They brought us a model of it.

The board turned down at least 10 or 15 of those which they brought because they didn't think it was in keeping with the intent of Congress. As a result, they finally approved those that are in here with this understanding, that this catalog would be distributed only to Members of Congress and only to the chairman of the Congressional Award Program in each district. That chairman is the only one who has a right to approve the purchase of any item in this book. They cannot be purchased by award winners. They cannot be purchased by committee members. The chairman makes the decision. That decision is made only when a young man wins a gold award, if the chairman feels that he has earned it and is desirous of purchasing the jacket with the gold award symbol on the jacket. He can purchase that.

It is not open for public purchase. It is only available to the bronze, silver, and gold award winners and only through the office of the chairman of the congressional award district.

Mr. WILLIAMS. Let me draw your attention to a letter dated August 8, 1983, to Mr. Culley-Foster from Herm Asmas, vice president for finance and chief financial officer for the Northwest Energy Co., in which Mr. Asmas announced that he was making a restricted contribution and he stated that he was "pleased to make a contribution to the Congressional Award Committee in the amount of $25,000 for the express purpose of assisting you in your relocation from Chicago to Washington, DC."

I will submit that document for the record.

[The document follows:]

NORTHWEST ENERGY CO.,
Salt Lake City, UT, August 18, 1983.

Mr. TONY R CULLEY-FOSTER,
National Director, Congressional Award, Northbrook, IL.

DEAR MR. CULLEY-FOSTER: Northwest Energy is pleased to make a contribution to the Congressional Award Committee in the amount of $25,000 for the express purpose of assisting you in your relocation from Chicago to Washington, D.C.

Northwest previously arranged the transportation of your household effects through Merrill Lynch Relocation Management, Inc. and upon receipt of their invoice, it will be forwarded to your attention for payment. If there are any questions regarding this invoice, we ask that you contact Juanita Reid for assistance.

We regret the delays you have incurred regarding this contribution, but hope it will be of assistance in your relocation.

Sincerely,

H.F. ASMUS.

Mr. WILLIAMS. I am also submitting for the record a copy of the canceled check.

[The canceled check follows:]

NORTHWEST ENERGY COMPANY

[illegible]
P.O. BOX [illegible]
SALT LAKE CITY, UTAH [illegible]

[illegible]
SALT LAKE CITY, UTAH

3672

DATE: August 18, 1983

CHECK NO.: 3672

NET AMOUNT: **25,000.00**

PAY **25,000 00 CTS**

TO THE ORDER OF
THE CONGRESSIONAL AMARIS COMMITTEE
3000 W. Dundee Rd.
Suite 208
Northbrook, IL. 60062

[signature]

[signature]

⑈003672⑈ ⑆124000025⑆ 02 02711 8⑈

NORTHWEST ENERGY COMPANY SALT LAKE CITY, UTAH

PLEASE DETACH BEFORE DEPOSITING 3672

VOUCHER NUMBER	INVOICE NUMBER	PURCHASE ORDER	INVOICE DATE	AMOUNT	DISCOUNT	NET AMOUNT
8-8276	--------			25,000.00		25,000.00
	Contribution					
			TOTAL	25,000.00		25,000.00

Mr. WILLIAMS. I want to draw your attention to a memorandum from your treasurer, Bobby van der Voort, to the executive committee members, and this memo is dated September 1, 1983, and it states, quoting:

"A generous restricted contribution of $25,000 from Northwest Energy Co. covers the relocation of the national office to Alexandria, VA."

I also will be placing a copy of that letter in the record.

[The letter follows:]

THE CONGRESSIONAL AWARD,
September 1, 1983.

MEMORANDUM

To: Executive Committee Members.
From: Bobbie van der Voort, Treasurer.
Subject: Financial Report.

At the close of business on August 31, 1983, the Congressional Award Foundation had a cash balance of $93,603 and accounts payable of $19,512.

An expense analysis for the first 8 months of fiscal 1983 is detailed with an expense projection through December 31.

I have worked with Tony to minimize our operating expenses. A generous contribution of $25,000 from Northwest Energy Company covers the relocation of the national office to Alexandria, Virginia. The consolidation of the national staff and the availability as of September 1 of low cost resource support from the United Way 'Window to Washington' program will result in substantial cost savings to the Foundation.

The projected cost of our inaugural Gold Award ceremony, scheduled for the first week of December in Washington, D.C., is not included in this budget material. Corporate sponsorship for this extra budgetary event will be obtained.

Please give me a call if you have any questions.

Mr. WILLIAMS. It appears that these documents make it clear that the Congressional Awards Program received a restricted gift from Northwest Energy Co.

As you know, section 7(c)(1) of the act specifies that the board may not accept any funds or other resources which are donated with a restriction on their use unless such restriction merely provides that such funds or other resources be used in furtherance of the Congressional Award Programs.

Does the board agree that the acceptance of the gift was in clear violation of the law?

Mr. O'MALLEY. No, we do not agree with that, Mr. Chairman. In the first place, the board did approve paying the moving expenses of Tony Culley-Foster and also of the headquarters from Chicago to Washington.

At that time John McMillan, who was the chairman, voluntarily committed himself to giving $25,000 to the Congressional Award toward the payment of this total program, toward this total move.

The award was given to Tony Culley-Foster. I have since checked out with him and checked his tax returns and find out that he did file in his tax returns the receipt of this award and paid taxes on the award that was made.

Further, I went to counsel of Birch, Horton, Bitner, Pessinger & Anderson to get a professional response as to whether or not we were in violation of the law.

I have here for entrance into the record, Mr. Chairman, a report from this law firm which specifically states we were not in viola-

tion of the law but suggested that we check our bylaws to avoid any possibility of a conflict in the future in this area.

I would like, Mr. Chairman, to present—is there somebody that takes these reports?

Mr. WILLIAMS. Yes, we will accept that into the record, Mr. O'Malley.

[The report follows:]

BIRCH, HORTON, BITTNER, PESTINGER & ANDERSON,
Washington, DC, June 24, 1985.

MEMORANDUM

PRIVILEGED AND CONFIDENTIAL

To: Patrick O'Malley, Chairman, Board of Directors, the Congressional Award.
From: Ronald G. Birch, Ronald G. Birch Eric A. Eisen, Joseph C. Amico; Birch, Horton, Bittner, Pestinger & Anderson.
Re: Opinion Concerning an August 18, 1983 Contribution by Northwest Energy to The Congressional Award Program.

SUMMARY STATEMENT OF FACTS, ISSUE AND CONCLUSION

On August 18, 1983, a check for $25,000 drawn on an account of Northwest Energy Company and made payable to the Congressional Awards Committee was sent to Mr. Tony R. Culley-Foster, the national director of the Congressional Award program. Accompanying the check was a letter to Mr. Culley-Foster from Northwest Energy Company's chief financial officer stating that the contribution was "for the express purpose of assisting you in your relocation from Chicago to Washington, D.C." The check was deposited to the credit of the Congressional Award program.

The question presented is whether the acceptance of this contribution violated the program's organic legislation, which provides that the program board of trustees "may not accept any funds . . . donated with a restriction on their use unless such restriction merely provides that such funds . . . be used in furtherance of the Congressional Award program. . . ." Pub. L. No. 96-114, § 7(c). 93 Stat. 851, 854 (1979).

Upon reviewing the program's organic legislation and the facts specifically related to the questioned contribution, our conclusion is that the acceptance of these funds ought not to be considered as violative of the program's organic law. To avoid such contributions being questioned in the future, however, we recommend specific board action to interpret generically the language of the organic law and thereby provide guidance to program employees and future boards with respect to what are and are not acceptable contributions.[1]

Our conclusions as set forth above are based on our understandings of the facts as set forth below.

1. The Congressional Award Program

The Congressional Award program was established by Public Law 96-114 as a means of recognizing excellence and leadership among young Americans by granting them medals after successful completion of requirements in such areas as public service. The program was to feature a series of regional offices, coordinated by a national office headed by a national director, whose responsibilities would be defined by a board of trustees. The national office, initially set up in Chicago in close proximity to the pilot regional program in Minnesota, was to liaison with Congress. The whole program was to operate on a private basis with no federal funds involved, and donations would be tax deductible. See Appendix A.

The operative statutory provision for purposes of this analysis is as follows:

"The Board may not accept any funds or other resources which are donated with a restriction on their use unless such restriction merely provides that such funds or other resources be used in furtherance of the Congressional Award program. . . ."

"Congressional Award Act, Pub. L. No. 96-114, § 7(c), 93 Stat. 851, 854 (1979)."

The House report concerning this provision states:

"Section 7 sets forth the powers and restrictions of the Board, allowing it to seek funds and resources only from institutions and sources other than the Federal Gov-

[1] Once such a policy has been adopted, we recommend an exchange of letters with the appropriate Congressional Committees to apprise Congress of it and obtain approval for it.

ernment and prohibiting it from taking any action which would disqualify it from treatment as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Board shall have no authority to accept anonymous contributions, nor shall it have the power to issue stock, bonds, notes or contributions creating long-term indebtedness. The Board shall provide for the establishment of a private non-profit corporation for the sole purpose of assisting the Board to carry out the Congressional Award program."

"H.R. Rep. No. 518, 96th Cong., 1st Sess. 6, *reprinted in* 1979 U.S. Code Cong. & Ad. News 1860, 1865."

The report further states:

"The committee has not placed these restrictions on the Board for any reason other than that of avoiding even the slightest hint of any impropriety involving an activity to which the Congress has lent its name. The committee completely endorses the purposes of the congressional award and believes that the award program can lend a positive thrust to the activities and excellence of the youth of America."

"*Id.*, at 3, *reprinted in* 1979 U.S. Code Cong. & Ad. News, at 1862."

2. The Relocation of National Headquarters from Chicago

A variety of documents obtained from Congressional Award program Washington headquarters show that by 1982 the board had decided that national headquarters for the program would be relocated to Washington, D.C. *E.g.* Appendix B, C. In fact, we understand that by late 1982 a satellite office already existed in Washington and the board was routinely meeting in Washington, so that it can be said that prior to any formal relocation the nature of the program's business had resulted in somewhat of a *de facto* relocation by stages.

By February of 1983, the board was in receipt of recommendations from its staff that relocation take advantage of the United Way "Window to Washington" program, where offices and support services could be obtained at advantageous rates. The fiscal 1983 budget submitted to the board on February 18, 1983, included relocation costs and specifically $35,000 for "executive transfer." Appendix D.

The Congressional Award program personnel policies explicitly address the question of employee relocation costs and provide that reasonable expenses incurred by employees in connection with relocation are reimbursable. Appendix E.

The Board of Directors was apprised at its February 18, 1983 meeting of the expected costs of relocation to Washington, D.C., and specifically of the expected costs of executive transfer. The cost was then budgeted at $35,000.

Mr. Culley-Foster met with Dr. Roberta van der Voort, Treasurer and Chairperson, Personnel Committee, on June 4, 1983, concerning the move from Chicago to Washington. They discussed financial details of a relocation package, and Mr. Culley-Foster was advised to seek a special contribution to underwrite his costs of relocation. Appendix F.

The Board of Directors was further advised of the expected costs of executive transfer in a revised budget summary submitted June 13, 1983 to the Board by Dr. van der Voort. The expected cost of executive transfer was at that time budgeted at $50,000. Appendix G.

On July 1, 1983, the Congressional Award Foundation dispensed $15,000 to Better Homes Realty on behalf of the national director. We have been advised that this $15,000, described on the check as an advance payment of the national director's relocation costs, was the deposit on Mr. Culley-Foster's residence in the Washington, D.C. area. See Appendix H. The Congressional Award program had not received any funds earmarked for this purpose at the time. We have been further advised that on this same date the Congressional Award program entered into a five-year lease with the United Way for office space in Alexandria, Virginia, occupancy September 1, 1983.

The Northwest Energy Company made a donation to the Congressional Award's general funds on August 18, 1983. The letter accompanying the check stated that the contribution was to assist the executive director's relocation. We have been advised by the executive director that this contribution was the special contribution he had been advised to seek following his June 4 meeting with Dr. van der Voort. Appendix I.

On August 24, 1983, Mr. Culley-Foster obtained a cashier's check for $10,000, payable to Mr. & Mrs. Robert J. Bradley. In the event Mr. Culley-Foster closed on the house, these funds were to be applied against the balance due on the downpayment. On the same date, Mr. Culley-Foster also obtained an additional $2,250 cashiers check to Mr. & Mrs. Bradley, for 30 days' rent on his new residence. We have been advised that this permitted Mr. Culley-Foster time to obtain the necessary mortgage financing to close on his new home. See Appendix J.

Dr. van der Voort informed the Board of Directors at its September 12, 1983 meeting of the $25,000 restricted contribution made by Northwest Energy to offset the costs of national office relocation to the D.C. area. See Appendix K.

The Congressional Award Foundation issued a $10,000 check payable to Mr. Culley-Foster, personally, on September 22, 1983, as a reimbursement for relocation expenses to Washington, D.C. See Appendix L.

A check for $10,035.41 payable to Wheaton Van Lines was issued by the Congressional Award Foundation on January 24, 1984 in settlement of the fees charged by the movers for the Chicago-D.C. move. See Appendix M.

The total expenditure for executive transfer by the Congressional Award Foundation was $35,035.41, or $35.41 over the amount originally budgeted in February of 1983.

3. Preliminary Conclusions and Analysis

(a) *Premises of Analysis:*

From the above facts provided to us by the Congressional Award program staff we are able to draw several preliminary conclusions upon which we premise our legal analysis. Briefly stated, the premises for our analysis are:

"Appropriate relocation expenses of employees are properly reimbursed by the program under program guidelines and are, therefore, in furtherance of the program."

"Expenses incurred by the executive director as a result of the need to relocate his family to a new home in the geographic area of the program's new national headquarters are appropriate relocation expenses."

"The special purpose contribution of Northwest Energy is probably appropriately viewed as a restricted contribution, although it is not wholly clear that Northwest Energy could sue successfully for its return in the event it was not dedicated to the special purpose specified."

"Congress did not intend by its explicit language on acceptance of restrictive contributions to limit the Congressional Award program only to completely unrestricted contributions and contributions with restrictions that verbatim tracked the language of the statute."

There is no precedent we have discovered for such a draconian limitation on acceptance of contributions by a qualifying 501(c)(3) organization. If such a unique restriction was intended, surely its quality would have been underscored in the committee report accompanying the law. Although the committee report explicitly dismisses restrictions, it says nothing about restrictive donations except to note that no action should be taken disqualifying the program for 501(c)(3) treatment.[2]

Congress' objective in all restrictions placed on the program was to avoid "the slightest hint of impropriety . . . ." Clearly there are a broad range of explicit restrictive conditions that come within the ambit of furthering the program's purposes that could not possibly involve the slightest hint of impropriety.

General principles of statutory construction fully support this view. Viewed either as an exception or a proviso, the statutory limitation need not be strictly construed. Sutherland on Statutory Construction, § 47.11; *Gatliff Coal Co. v. Cox*, 142 F.2d 876 (9144). Moreover, the Congress' objective of leaving the program independent of Federal funding warrants a construction that allows of some flexibility in accepting contributions.[3]

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[2] We have reviewed the organic legislation of a broad number of Federally-chartered societies set out in the U.S. Code, primarily in title 36, and have found no precedent for the provision respecting the board's power to accept restrictive contributions. The only similar provision we have discovered is in title 16, wherein the Secretary of Interior is authorized to accept donations of funds and property "under the terms and conditions of restrictive covenants . . . when such covenants are deemed by the Secretary to be compatible with the purposes of the . . . conservation areas." 16 U.S.C. § 460k-2. We are aware of numerous precedents under this provision of acceptance of a broad variety of grants containing highly explicit restrictions.

[3] The primary rule of statutory construction is to ascertain and effectuate the legislative intent. *Alabama v. Tennessee Valley Authority*, 467 F. Supp. 791 (N.D. Ala. 1979). The courts determine legislative intent by the language in the statute. However, if the language is ambiguous, courts can look to extrinsic sources, such as the discussions included in legislative history of the acts. *Western Union Telephone Co. v. Lenroot*, 323 U.S. 490 (1945).

The scope of the statutory term under examination can be interpreted in several ways. Strictly construed, the language could be read to prohibit any restriction on the use of funds other than a general directive the money be used in furtherance of the program. Adopting this interpretation seems somewhat illogical. First, the Act otherwise already limits the Board's authority to ". . . take such actions and make such expenditures as may be necessary to carry out the Congressional Award Program. . . ." Cong. Awd. Act, Pub. L. 96-114, 96th Cong., 1st Sess. ⟨ 7(a)

Continued

ANALYSIS

We view the seminal question to be whether the restriction on the use of funds in the program organic law should be interpreted narrowly or broadly. For the reasons set forth above, we believe that only a relatively broad construction is appropriate to effectuate Congress' intent.

Applying a liberal interpretation of the statutory language to the instant fact situation, we conclude that any restriction placed by Northwest Energy on the use of funds was not so in conflict with the statute as to make acceptance by the board of trustees ultra vires.

The "restriction," if we may call it that, only permitted expenditure of the funds in question for a recognized and already approved program purpose. It was therefore a restriction in furtherance of the program, and may be retained and disbursed by the program.

Mr. WILLIAMS. For your information, both the counsel to this subcommittee and the American Law Division of the Library of Congress disagree with that assessment, what they know of it. Their analysis will be submitted also for the record.

[The analysis follows:]

MEMORANDUM

To: Gray.
From: Bobby.
Subject: Legality of Actions by NW Energy Company and the Director of the Congressional Award Program Regarding a Contribution to the Program by the Company.
Dated: June 27, 1985.

BACKGROUND

On August 18, 1983, the Chief Financial Officer of Northwest Energy Company sent a letter to the National Director of the Congressional Award Program (the Program). The letter states that:

"Northwest Energy is pleased to make a contribution to the Congressional Award Committee in the amount of $25,000.00 for the express purpose of assisting you in your relocation from Chicago to Washington, DC.

"Northwest previously arranged the transportation of your household effects through Merrill Lynch Relocation Management, Inc. and upon receipt of their invoice, it will be forwarded to your attention for payment. If there are any questions regarding this invoice, we ask that you contact Juanita Reid for assistance.

"We regret the delays you have incurred regarding this contribution, but hope it will be of assistance in your relocation."

(1979). Second it seems unreasonable to have not permitted specific restrictions on contributions, when the restriction is clearly within the ambit of the Congressional Award's mandate from Congress. For example, a donation of real property to the Award with the restriction that it be used as a corporate headquarters, meeting place, etc. for the Congressional Award would fall within the ambit of the proviso. To adopt a construction which precludes accepting such a contribution is unreasonable. Third, the House report indicates the provision was meant to limit the Award's activities to § 501(c)(3) activities. H.R. Rep. No. 518, 96 Cong., 1st Sess. 6, *reprinted in* 1979 U.S. Code Cong. & Ad. News 1860, 1865. Fourth, the proviso seems to be directed towards the Congressional Award's relationship with Congress and not its relationship with its employees. Congress' expressed legislative intent in placing these restrictions on the Board was for the simple reason of "avoiding even the slightest hint of any impropriety involving an activity to which the Congress has lent its name." H.R. Rep. No. 518, 96th Cong., 1st Sess. 3, *reprinted in* 1979 U.S. Code Cong. & Ad. News 1860, 1862. In our opinion, the proviso permits specific restrictions which further the Award program.

Therefore, the proper construction which should be given to the relevant statutory language is that specific restrictions are permissible so long as the restriction effectuates the purposes of Congress. This reading of the statute seems more reasonable, and effective of the legislative intent than a narrow reading. A strict reading would require giving full weight to the use of the word "merely," and would thus mean that a restricted contribution could only have a restriction which said "use of these funds is restricted to the furtherance of the Congressional Awards program." The results of this type of construction do not seem to give any furtherance to the legislative intent. Thus, we adopt the more liberal reading of the statute which does effectuate Congress' intent.

The issue is whether this transaction violates the Congressional Award Act (the Act) 2 U.S.C.801 *et seq.*?

The Act establishes the Congressional Award program under which young people between the ages of 14 and 23 are eligible for congressional medals after successfully completing requirements in such areas as public service, physical and expedition fitness, and approved personal interest.

The Act establishes a Board, which is responsible for administering the program. The Board is *not* an agency or instrumentality of the United States and the United States is not liable for any obligation or liability of the Board.

In administering the program, the Board is to be assisted by a Director who is the principal executive of the program and who supervises the affairs of the Board. The Director is appointed by a majority of the Board and may be removed by a majority. The Director is a nonvoting member of the Board.

The Act specifies the Board's powers and also sets out restrictions on its powers. Among the restrictions are:

(1) The Board may not accept any funds or other resources which are donated with a restriction on their use unless such restriction merely provides that such funds or other resources be used in furtherance of the Congressional Award Program (Section 7(c)(1) of the Act).

(2) The Board has no power to provide for any part of the income or assets of the Board to inure to the benefit of any director, officer, of employee of the Board, except as reasonable compensation for services or reimbursement of expenses (Section 7(f)(3) of the Act).

The legislative history clearly explains why these restrictions are included in the legislation:

"The Committee has not placed these restrictions on the board for any reason other than that of avoiding even the slightest hint of any impropriety involving an activity to which the Congress has lent its name."

H. Rpt. No. 96-518, 96th Cong. 1st Sess. (October 16, 1979) at page 3.

Thus, the standards for judging the propriety of the actions taken by the Board, including those taken by the Director (who is a member of the Board and the principle executive of the program), are extremely high, given the fact the Congress' good name is at stake.

Whether the contribution made by NW Energy Co. is restrictive in nature and as such violates section 7(c)(1) of the Act?

Yes. The letter expressly restricts the gift "for the express purpose of assisting you in your relocation from Chicago to Washington, DC." Mr. Jack Maskell of the American Law Division of the Congressional Research Service (287-6009), who is an expert in ethics, concurs with my conclusion.

Whether the $25,000.00 contribution inured to the benefit of the director in violation of section 7(f)(3) of the Act or is otherwise illegal?

This question *cannot* be definitively answered without first conducting a detailed audit by the Comptroller General of the United States (See Section 8 of the Act). Although the phrasing of the letter suggests that the $25,000.00 was to be used to assist the Director (as opposed to the Program) in his personal move, it is possible that "you" in fact meant the Program.

Further, although the Act provides that the Board has no power to provide any income of the Board to inure to the benefit of any director, the Act includes an exception:

"Except as reasonable compensation for services or reimbursement for expenses."

The auditors would have to determine: (1) whether this $25,000.00 was really a gift to the Director and if so whether it is illegal; (2) whether the money was used as "*reimbursement* for *expenses*; and (3) whether the expenses were allowable?

In making these determinations, the auditors would have to be cognizant of the legislative history which provides that actions taken by the Board must avoid "even the slightest hint of any impropriety involving an activity to which the Congress has lent its name."

Although the Board is not an agency or instrumentality of the United States, it is an entity "to which Congress has lent its name". Thus, it would not be unreasonable to hold the Board to the same standards used by Congress or the executive branch regarding moving and relocation. The applicable standards used by the House, Senate, and the Executive Branch are attached.

It should be noted that gifts to employees in excess of $100 dollars are prohibited by the House as are all moving and relocation expenses. The rules promulgated by the Executive Branch permit reimbursement and specify the items which are allowable.

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, July 11, 1985.

To: House Committee on Education and Labor, Subcommittee on Select Education.
Attn: Bob Silverstein.
From: American Law Division.
Subject: Receipt of Private Donations with Restrictions on Their Use by the Congressional Award Board.

This memorandum is submitted in response to the Committee request as discussed with counsel Bob Silverstein for information on the permissibility of the acceptance of funds from a private source by the federally-created "Congressional Award Board" [hereinafter "Board"], when the donor of such funds expressly designates the contribution for a particular activity and expense of the Board or its Director.

The Board was established as a non-federal agency by the Congressional Award Act [hereinafter "Act"] to administer a Congressional Award Program for the distribution of awards of privately donated funds to youth "to promote initiative, achievement, and excellence among youths in the areas of public service, personal development, and physical and expedition fitness." P.L. 96-114, 93 Stat. 851, Section 3(a). See now 2 U.S.C. § 801 *et seq.* The Board is authorized to seek and accept funds from non-federal sources to carry out the purposes of the program. 2 U.S.C. § 806(c).

The Act provides that the Board may not accept donations which are given "with a restriction on their use." Section 7(c) of the Act states specifically as follows:

"The Board may not accept any funds or other resources which are—

"(1) Donated with a restriction on their use unless such restriction merely provides that such funds or other resources be used in furtherance of the Congressional Award Program." 2 U.S.C. § 806(c)(1).

A contribution was apparently received by the Board Director from a private source, the "Northwest Energy Company," in the amount of $25,000 "for the express purpose of assisting you in your relocation from Chicago to Washington, DC." Letter of August 18, 1983 from Northwest Energy Company to the National Director of the Congressional Award Program. The question has been asked whether or not such a donation is a contribution of funds with a "restriction on their use" which the Board is expressly prohibited from receiving under the Act.[1]

A "restriction" on the use of something generally denotes "limitations to [a thing] . . . so that it shall not apply to all the subjects to which it would otherwise seem to apply." 77 *C.J.S.* 325, 326, "Restrict", "Restriction". When used in the context of a restriction on a gift or a donation, it is understood to mean that the donor has expressly designated that the gift be used for a specific purpose. 37A *Words and Phrases*, 1981 Supplement, "Restricted Gift"; 15 *Am Jr* 2d, Charities, § 380, "Gifts to charitable organizations or institution; generally".

A federal court in 1973 had cause to examine the distinction between an "unrestricted" and a "restricted" gift for purposes of a then Department of Health, Education and Welfare regulation. *Temple University* v. *Associated Hospital Serv. of Philadelphia*, 361 F. Supp. 263 (E.D. Pa 1973). That regulation provided that a gift would be "restricted" if it were "designated by a donor for paying specific operating costs" of the recipient. 20 C.F.R. 405.423(a) (1972), see 361 F.Supp. at 273. The court found that a gift will be considered "restricted" if the gift were expressly designated for a particular use *by the donor*. The donor's mere expectation of an intended use of the gift, and the eventual application of the funds for that purpose by the recipient, would not transform an otherwise "unrestricted" gift ("funds . . . given to a provider without restriction by the donor as to their use") into a restricted one. 361 F.Supp. at 273-274.

The court explained:

"20 C.F.R. 405.423 states that Unrestricted grants, gifts and income from endowments' should not be deducted whereas, grants, gifts and income from endowments 'designated by a donor for paying specific operating costs' should be deducted. Unrestricted grants or gifts are 'funds, cash or otherwise, given to a provider without restriction by the donor as to their use.' I interpret these clauses to mean that there must be an express restriction on the use to be made of the money, as opposed to a mere expectation that it will be used for a certain purpose. The regulations expressly provide that if the Hospital (provider) restricts a gift or grant for a specific pur-

[1] No opinion is intended to be provided herein as to the propriety under the Act (see 2 U.S.C. § 805(f)) of the use by the Board Director of contributions to the Program for the purposes of his relocation expenses including the purchase of residence in the Washington, DC., area.

pose, such will not transform a gift unrestricted by the donor into a 'restricted' gift for purposes of the regulations."

* * * * * * *

"A clearer case of an "unrestricted" transfer would be difficult to find. There is no evidence that the transferee of the funds required the funds to be applied for any purpose or to pay any particular debts. There was no identifiable expense incurred that could even by correlated with the funds transferred." 361 F. Supp. at 273-274.

In the fact situation here under consideration, the August 18, 1983 letter from the donor company to the Director of the Congressional Award Board stated as follows:

"Northwest Energy is pleased to make a contribution to the Congressional Award Committee in the amount of $25,000 for the express purpose of assisting you in your relocation from Chicago to Washington, D.C."

* * * * * * *

"We regret the delay you have incurred regarding this contribution, but hope it will be of assistance in your relocation."

The donation was thus expressly designated by the donor for a specific purpose and was expressly linked by the donor to a specifically identified expense. As such, the contribution would appear to be one with a "restriction" on its use as that term is commonly employed and understood in this context. The restriction was not one which "merely provide[d] that such funds . . . be used" for the general purposes of the program, but rather expressly designated a specific expense. Under the terms of the Act the Board is not permitted to accept such a restricted gift. 2 U.S.C. § 806 (c)(1).

A question has also been raised as to an interpretation of the law which would find that although the donation in question apparently contained a "restriction" as that term is commonly understood, that the law should be interpreted as permitting any restricted gift as long as the restriction on the use is directed towards a specific legitimate activity or purpose of the Board. It would appear, however, that to read a plainly and clearly stated *prohibition* within the law on restricted donations as an express *permission* for such restricted donations subverts the plain meaning of the law to an extent unjustified by any legal precedent, legislative history, or general rule of statutory construction. As to general "maxims" of statutory construction which may be quoted for guidance in interpreting this provision of the Act, general tenets and common sense understanding employed in statutory construction provide that "ordinarily when people say one thing they do not mean something else," *Sutherland Statutory Construction, Statutes and Statutory Construction*. Fourth Edition, C. Dallas Sands, § 47.01, p. 71. See *United States* v. *Jones*, 542 F.2d 661, 667 (6th Cir. 1976), *Rehring and rehrng en banc den.*, 12/2/76: "The natural presumption when construing a statute is that Congress meant what it said."

It is well established that the starting point for interpretation of a statute is the language of the law itself. *Consumer Product Safety Commission* v. *GTE Sylvania, Inc.*, 447 U.S. 102 (1980); *Touche Ross & Co.* v. *Redington*, 442 U.S. 560 (1979); *Dickerson* v. *New Banner Institute, Inc.* 460 U.S. 103 (1983). The plain and ordinary meaning of the words used in a law will control its interpretation (*Malat* v. *Riddell*, 383 U.S. 569 (1966); *Ernest & Ernest* v. *Hochfelder*, 425 U.S. 185 (1963), *rehrng den.* 425 U.S. 986; *Perrin* v. *United States*, 444 U.S. 37 (1979)), "absent a *clearly expressed* legislative intention to the contrary." *CPSC* v. *GTE Sylvania, Inc.*, *supra* at 108 [emphasis added]; *North Dakota* v. *United States*, 460 U.S. 300, 312 (1983); *Aaron* v. *Securities Exchange Commission*, 446 U.S. 680 (1980). The intent of the legislature is of course of principal importance in determining the meaning of a law, and the Supreme Court has ruled that it should be generally assumed "that Congress expresses its purpose through the ordinary meaning of the words it uses." *Escondido Mutual Water Co.* v. *La Jolla*, 104 S.Ct. 2105, 2110 (1984); *American Tobacco Co.* v. *Patterson*, 456 U.S. 63 (1982).

The plain meaning of the provision in question, employing the ordinary and common usage of the words adopted by Congress, is simply that donations which are expressly designated or earmarked by the donor for specific, identified functions, purposes, or expenses of the Board or the program may not be accepted. Although restrictive donations for *specific*, express activities or expenses of the Board or program are prohibited, a proviso to this prohibition allows a "restriction" on use relating to the *general* purposes of the program, that is, a restriction in the nature of one that "merely provides that such funds" are to be used for the "furtherance of the Congressional Award Program." 2 U.S.C. § 806(c)(1).

In examining the legislative history of this provision of the Act, there appears no "clearly expressed" intent of Congress contrary to the plain meaning of the law. See H.R. Rept. No. 96-518, 96th Congress, 1st Session; 125 *Cong. Rec.* 29831-29834 (Octo-

ber 29, 1979); 125 *Cong. Rec.* 30663 (Nov. 1979). Rather, it may be argued that the legislative history demonstrates, in fact, Congress' concern with the appearances of improprieties which could accompany the failure to adhere to the various financial regulations imposed on the Board and its members by law. As stated in the House Report with respect to the general financial regulations:

"The committee has not placed these restrictions on the board for any reason other than that of avoiding even the slightest hint of any impropriety involving an activity to which the Congress has lent its name." H.R. Rpt. No. 96-518, supra at 3.

The legislative history of the provision also does appear to infer that Congress expressly intended that "restrictions" by the donor directed expressly to one or more of the specific functions of the Program were not permissible. In earlier similar legislation passed by unanimous consent by the Senate such "restrictions" on funds donated relating to "one or more purposes among the purposes of the Congressional award" would have been permitted. S. 221, 96th Congress, 1st Session at Section 8(a)(6); See 125 *Cong. Rec.* 19413-19415, July 19, 1979. However, in substituting the House bill for the Senate provision (see H.R. 2196, 96th Congress, 1st Session), the more liberal provision on restrictive donations of the Senate bill were replaced by the current stricter provision allowing only restrictions of a general nature which merely provide that the funds are to be used in furtherance of the program. Congress thus considered permitting such "restrictive" donations for a particular purpose, but finally rejected that notion. As noted by the Supreme Court, where Congress includes certain language in an earlier version of a bill but deletes it prior to enactment, it may be presumed that Congress did not intend that language to be operable. *Russello* v. *United States*, 104 S.Ct. 296, 301 (1983); *Arizona* v. *California*, 373 U.S. 546, 580-581 (1963). Congress thus expressly provided for a "proviso" or an exception to the general prohibition on restrictive donations (for restrictions of a general nature relating to furthering the *general* purposes of the program), and additional exceptions (restrictions on use for a *specific* expense or activity), in the absence of evidence of contrary legislative intent, are not to be implied. *Andrus* v. *Glover Construction Co.*, 446 U.S. 608 (1980).[2]

JACK MASKELL,
Legislative Attorney, American Law Division.

Mr. O'MALLEY. I did not know that, Mr. Chairman, but I will assure you that the bylaws of the Congressional Award Program will be amended to ensure that there be no repetition of this.

Mr. WILLIAMS. Our counsel and the American Law Division of the Library of Congress have concluded that the plain meaning of the statute, the unequivocal legislative history preceding the act, and case law interpreting restricted contributions makes it absolutely clear that the contribution from Northwest Energy violates the law.

Let me read to you from the relevant legislative history, quoting now:

> The committee has not placed these restrictions on the board for any reason other than that of avoiding even the slightest hint of impropriety involving an activity to which the Congress has lent its name.

Are you aware that Mr. Birch concluded, quoting now, "The special purpose contribution of Northwest Energy is probably appropriately viewed as a restricted contribution"?

Mr. O'MALLEY. Yes, I am.

Mr. WILLIAMS. Despite this conclusion Mr. Birch then proceeds to find that the restricted contribution is not a restricted contribution

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[2] This conforms to the general rule of statutory construction that provisos and exceptions to general prohibitions are to be narrowly and strictly construed. *A.H. Phillips, Inc.* v. *Walling* 324 U.S. 490; see *Sutherland Statutory Construction*, supra at § 47.08: "[W]here there is doubt concerning the extent of the application of the proviso on the scope of another provision's operation, *the proviso is strictly construed.* The reason for this is that the legislative purpose set forth in the purview of an enactment is assumed to express the legislative policy, and only those subjects expressly exempted by the proviso should be freed from the operations of the statute." [Emphasis added].

for purposes of the act because the provision in the act, in his view, need not be strictly construed.

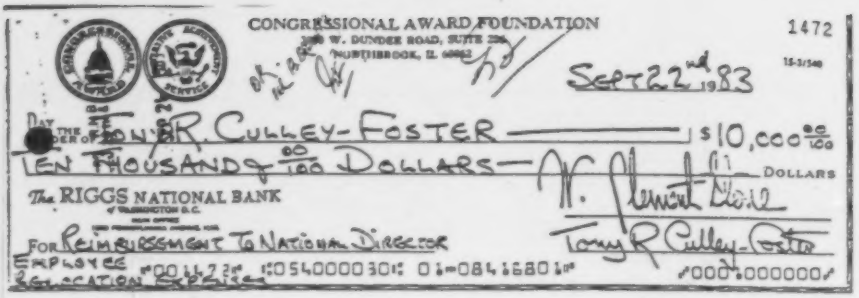
But when we in Congress specify no restrictive contributions in order to protect our name, what we mean is no restrictive contributions.

Mr. O'MALLEY. I think I have the message and it will be so communicated to the board of directors.

Mr. WILLIAMS. Let me also draw your attention to a check dated September 22, 1983, from the Congressional Award Foundation account to Mr. Culley-Foster, signed by Mr. Culley-Foster and W. Clement Stone for $10,000, and a second check for $15,000 dated July 1, 1983, to Better Homes Realty, for a total of $25,000.

I will submit copies of the canceled checks for the record.

[The canceled checks follow:]



CONGRESSIONAL AWARD FOUNDATION
2100 W. DUNDEE ROAD, SUITE 226,
NORTHBROOK, IL 60062

1472

15-3/140

Sept 22nd 1983

PAY TO THE ORDER OF Tony R. Culley-Foster $10,000 00/100

Ten Thousand & 00/100 DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON, D.C.

FOR Reimbursement To National Director

Tony R Culley-Foster

EMPLOYEE EDUCATION EXPENSE

⑈0014228⑈ ⑆054000030⑆ 01-084168801⑈ ⑈000.000000⑈

Tony R. Culley-Foster
Blaine Dr. #
Cliff. 15644-7217
Exp. 7-31-85

A/O K.

C Cook

SE '83' 26

PAY ANY BANK
THE RIGGS NATIONAL BANK
of WASHINGTON, D.C.

E4O6T10E3

CONGRESSIONAL AWARD FOUNDATION
2005 W. DUNDEE ROAD, SUITE 256
NORTHBROOK, IL 60062

1250

13-3/540

JULY 1ST 1983

PAY TO THE ORDER OF BETTER HOMES REALTY INC $15,000.00/100

FIFTEEN THOUSAND & 00/100 DOLLARS

The RIGGS NATIONAL BANK of WASHINGTON D.C.

FOR Relocation costs - National Dr.

ADVANCE PAYMENT

T. Clement Steele

Tony R. Culley-Foster

⑈001250⑈ ⑆054000030⑆ 01-084168⑆ ⑈0015000⑈

For deposit only
Better Homes REalty Inc

F.R.G. BANK OF VA. 56-677
05 07-07-93 0363 303533303

PAY CITY TAXES
THE RIGGS NATIONAL BANK
WASHINGTON, D.C.

JUL 07 1983

10 97

76 01

Mr. WILLIAMS. Is there any coincidence, in your judgment, between the $25,000 contribution from Northwest Energy and the two checks to or on behalf of Mr. Culley-Foster for $25,000? Was the $25,000 a lump payment made to Mr. Culley-Foster for relocating?

Mr. O'MALLEY. My understanding is, and I am quoting what I have read just as you are, that the $15,000 and the $10,000, and the $25,000 are one and the same.

Mr. WILLIAMS. There is a check dated January 24, 1984, from the Congressional Awards Foundation account to Wheaton Van Lines for Mr. Culley-Foster's move, signed by Mr. Culley-Foster and again W. Clement Stone.

Those canceled checks will be submitted for the record.

[Letter and canceled checks follow:]

The Congressional Award

January 20, 1984

Mr. E. S. Rawls
President
Wheaton Van Lines, Inc.
8010 Castleton Road
P.O. Box 50800
Indianapolis, IN 46250

Dear Mr. Rawls:

A full and final settlement check for $10,035.41 from the Congressional Award Foundation payable to Wheaton Van Lines, Inc. is enclosed with respect to your billing on the shipment of my household goods from Illinois to Virginia.

Frank B. Hall and Merrill Lynch, Inc. are co-ordinating a January 27 inspection concerning our damaged and missing household goods claim.

Please ensure that all of the reimbursement responsibilities of Wheaton Van Lines, Inc. in this matter are promptly honored.

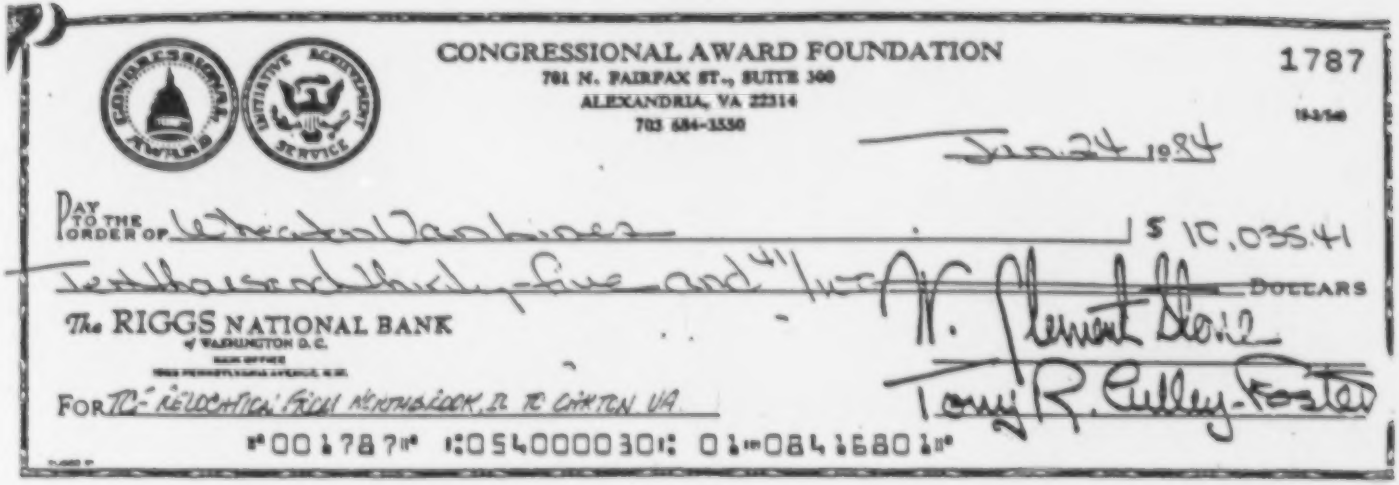
Sincerely,

Tony R. Culley-Foster

Tony R. Culley-Foster
National Director

TCF/lt

cc: John G. McMillian — Chairman
R. Juanita Reid — Manager, Employee Resources and Development
John M. Moore — Executive Vice President, Merrill Lynch Relocation Management, Inc.
Tracy G. Moser — Merrill Lynch Relocation Management, Inc.



CONGRESSIONAL AWARD FOUNDATION
701 N. FAIRFAX ST., SUITE 300
ALEXANDRIA, VA 22314
703 684-1550

1787

Jan 24 1984

PAY TO THE ORDER OF Federal Taxpayers $ 10,035.41

Ten thousand thirty-five and 41/100 DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.

A. Clement Stone

Tony R. Culley-Foster

FOR TC- RELOCATION FROM NORTHBROOK, IL TO CLINTON VA

⑈001787⑈ ⑆054000030⑆ 01-084-1680⑈

Wheaton Van Lines, Inc.

WORLD-WIDE MOVING

CORPORATE HEADQUARTERS • 8915 CASTLETON RD. • P.O. BOX 50800 • INDIANAPOLIS, INDIANA 46250

DUE DATE 9/30/83

PEARTLL LYNCH RELOCATION DEPT.
ATTN-SETH BLOCK
SIX CORPORATE PARK DRIVE
WHITE PLAINS NY 10604

OUR ORDER NO. 0351-851C
PURCHASE ORDER NO. AET-CC4172
BILLING DATE 9/21/83
LOADED 8/24/83
DELIVERED TO RESIDENCE CA . 8/26/83

SHIPMENT OF HOUSEHOLD GOODS (LOAD) CONSIGNED TO (DEL)
ON TCKY CULLEY-FOSTER FROM ROLAC LAKE IL TO CARLSB VA
WAYBILL NO. 412 SBCE 726 MILES 25060 AS 25060 LBS @ $ 23.00 PER CWT $ 5762.40
EXTRA LABOR 2.00 HRS AT $ 20.50 MAN 41.00
ADDITIONAL TRANSPORTATION ORIGIN 17640 LBS AT $ 2.00 352.80
ADDITIONAL TRANSPORTATION ORIGIN 2780 LBS AT $ 2.00 55.60
ADDITIONAL TRANSPORTATION ORIGIN 4640 LBS AT $ 2.00 92.80
ADDITIONAL TRANSPORTATION DEST. 17640 LBS AT $ .50 88.20
ADDITIONAL TRANSPORTATION DEST. 2780 LBS AT $ .50 13.90
ADDITIONAL TRANSPORTATION DEST. 4640 LBS AT $ .50 23.20
INVOICE CHARGE AUTOMOBILE 20.00
INVOICE CHARGE AUTOMOBILE 80.00
INVOICE CHARGE THIRD PARTY APPLIANCE 54.40
INVOICE CHARGE DELIVERY CHARGES DESTINATION 24.00

DESCRIPTION	CONTAINERS QTY	RATE	AMOUNT	PACKING, SCH (L) QTY	RATE	AMOUNT	UNPACKING, SCH (U) QTY	RATE	AMOUNT
BOOK/DISH	41.	8.40	344.40	41.	14.90	610.90	30.	3.71	111.30
CRTN: LT 2 CU FT	82.	1.75	143.50	82.	3.90	319.80	60.	.98	58.80
CRTN: 3 CU FT	31.	2.60	80.60	31.	6.05	187.55	25.	1.43	35.75
CRTN: 4.5 CU FT	14.	3.10	43.40	14.	7.25	102.50	10.	1.76	17.60
CRTN: 6 CU FT	22.	3.65	80.30	22.	8.30	182.60	18.	1.76	31.68
PARCPOST CARTON	8.	4.45	35.60	8.	4.40	35.40	6.	.59	3.54
MAT.CRTN: MGT 29X79	4.	4.40	17.60	4.	4.15	16.60	4.	1.43	5.72
MAT.CRTN: GT 54X79	2.	8.90	17.80	2.	6.65	13.30	2.	2.21	4.42
CRAP. CONTAINERS	29.	4.80	238.00	29.	13.65	477.75	30.	3.12	93.60
SUBTOTAL			1005.50			1937.80			362.41

TOTAL OF CONTAINERS, PACKING AND UNPACKING 3305.71

TOTAL CHARGES ~~17736~~

BALANCE DUE IF PAID AND POSTMARKED BY 9/30/83 DEBIT THIS AMOUNT ~~0000.00~~
CREDIT SERVICE FEE PER I.C.C. REGULATIONS ~~0000.00~~

BALANCE DUE BY 10/23/83 ~~0000.00~~

$9951.41

OK to PAY
9/28/83
J. Henry

Mr. WILLIAMS. Do you know if those costs were in addition to the $25,000?

Mr. O'MALLEY. Mr. Chairman, I do not know the answer to that but I will find it and submit it to you in writing.

Mr. WILLIAMS. We would appreciate that, and we will leave the hearing record open for 5 days in order to receive that information.

[Letter and material follow:]

The Congressional Award

BOARD OFFICERS
PATRICK L. O'MALLEY
S. LEE KLING
CHRISTOPHER P. EDLEY

BOARD MEMBERS
FRANK H. ARLINGHAUS, JR.
NICHOLAS F. BRADY
WILLIAM R. BRICKER
JOHN Y. BROWN, JR.
SHIRLEY A. CHISHOLM
CATHY LEE CROSBY
TONY R. CULLEY-FOSTER
CHRISTOPHER P. EDLEY
THE HONORABLE GERALD R. FORD
JOHN G. FOX
DOUGLAS A. FRASER
JOSEPH J. GOUTHRO
DONALD R. KEOUGH
S. LEE KLING
JUANITA M. KREPS
JOSHUA L. MINER
ALLEN H. NEUHARTH
PATRICK L. O'MALLEY
CHRISTOPHER R. O'NEILL
ANTHONY J.F. O'REILLY
MICHAEL R. QUINLAN
PHILLIP V. SANCHEZ
W. CLEMENT STONE
JAMES L. TARR
ROBERTA VAN DER VOORT
C. WILLIAM VERITY, JR.
HENRY VISCARDI, JR.
SANFORD I. WEILL
SIR GORDON WHITE

July 29, 1985

The Honorable Pat Williams
Chairman
Subcommittee on Select Education
617 House Annex One
Washington, D. C. 20515

Dear Mr. Chairman:

I appreciated the opportunity to testify on behalf of the Board of Directors before your Select Education Committee at the Oversight Hearing on the reauthorization of PL 96-114 on July 24.

Following the hearing, I instructed Penny Miller, our Director of Government Relations, to deliver to you, Representative Howard and Senator Wallop my written responses to the questions asked at the conclusion of my prepared testimony.

Due to the personal nature of your questions and the Board's desire to fully comply with your request for detailed disclosure on these matters, I ask that the written public record of the July 24 hearing include in full my written responses to your questions.

If possible, the Board would appreciate your furnishing us copies of the two legal opinions your Committee received which addressed the matter of "restricted" contributions to the Congressional Award Foundation.

The additional information you requested is contained in the enclosed materials. Please be assured the Board of Directors of the Congressional Award will continue to do everything possible to advance the mandate of PL 96-114 in a cost-effective and productive fashion.

Your support of the reauthorization of P.L. 96-114 is appreciated.

Best regards.

Sincerely,

Pat O'Malley

Patrick L. O'Malley
Chairman of the Board

The Congressional Award

TO: PATRICK L. O'MALLEY, CHAIRMAN OF THE BOARD

FROM: TONY R. CULLEY-FOSTER, NATIONAL DIRECTOR TCF

DATE: July 30, 1985

RE: Re-cap of Relocation Expenses and Congressional Award Foundation Reimbursement Payments to National Director

As requested by Representative Pat Williams at the July 24th Oversight Hearing on Public Law 96-114, I have prepared a re-cap of my total relocation expenses and the Congressional Award Foundation's reimbursements to me in connection with the August 1983 relocation of my family and household goods from Illinois to Virginia.

June 21/26, 1983 -- Househunting trip to D.C. and Virginia to locate and purchase a new home. Mr. & Mrs. Culley-Foster and family, round-trip travel, accommodations and meals	$ 1,274.75
June 30, 1983 -- Round trip transportation Mrs. Culley-Foster. House inspection/ closing arrangements	282.00
August 1983 -- One way travel (Illinois/DC) and temporary accommodation in DC for Mr. and Mrs. Culley-Foster and their two sons.	672.92
January 1984 -- Direct payment from the Congressional Award Foundation to Wheaton Van Lines -- August 1983 transportation of household goods (Illinois to Oakton)	10,035.41
January 1984 -- Direct payment from the Congressional Award Foundation to Merryl Lynch Relocation Services regarding transportation of household goods	340.00

All of the above expenses were authorized by the Board under the approved Congressional Award Foundation personnel policies and procedures.

Pat, these approved payments of $12,605.08 from the Congressional Award Foundation to me and a restricted payment of $25,000 ($13,655 NET after federal and state taxes) partially offset the DIRECT EXPENSES of $65,782 that I incurred in following a Board directive to relocate my home from Illinois to Virginia in association with the establishment of a national headquarters office for the Congressional Award in Alexandria, Virginia.

701 N. FAIRFAX ST., SUITE 300 • ALEXANDRIA, VA. 22314 • (703) 684-3600

A legal analysis of the financial impact for my family resulting from our relocation is attached for inclusion in the written record of the July 24th hearing. Also attached is a memorandum detailing the executive relocation recommendations from Dr. Roberta van der Voort, Chairman, Congressional Award Personnel Committee, that were reviewed and agreed to by our former chairman.

The $25,000 lump sum payment to me was to partially offset my direct expenses in the relocation to Virginia. It was disbursed in two Congressional Award Foundation checks; number 1250 for $15,000.00 on July 1st and number 1472 for $10,000.00 on September 22nd.

National Directors Relocation Expense and Reimbursement Analysis

Total costs paid for transportation of household goods	$10,375.41
Total reimbursement paid to the Director for a house hunting trip, house inspection/closing, transporation and accommodations and food for the Culley-Foster family in connection with relocation	2,229.67
Total lump sum payment to Director to partially offset his direct costs in relocation to Virginia	25,000.00
TOTAL	$37,605.08

Unresolved alance regarding net direct costs incurred by Mr. Culley-Foster in his relocation to Virginia.

National Director's Relocation Costs - NET BALANCE $39,521.92*

*Based upon a legal analysis of direct financial impact of costs associated with the Director's move to Virginia and the Board recommended Executive relocation reimbursement terms.

Mr. WILLIAMS. Finally, I draw your attention to a cashier's check for $10,000 dated August 24, 1983, payable to Mr. and Mrs. Robert J. Bradley. In the event Mr. Culley-Foster closed on the house he was planning on buying, these funds were to be applied against the balance due on the downpayment.

On the same date, Mr. Culley-Foster also obtained an additional $2,250 cashier's check to the Bradleys for 30 days rent on his new residence.

Copies of these checks are submitted for the record.

[Canceled checks follow:]

PURCHASER'S RECEIPT - RETAIN FOR YOUR RECORDS

Balance of deposit due on Virginia house

GRAYSLAKE NATIONAL BANK

84771

REMITTER

T. Culley-Foster and Melinda Hoskins Jul 24 83 70-2161 719

PAY TO THE ORDER OF Mr. and Mrs. Robert J. Bradley NOT NEGOTIABLE 10,000.00

GRAYSLAKE NATL. BANK I000000?!!

MEMORANDUM

CASHIER'S CHECK

FOR Deposit

PURCHASER'S RECEIPT - RETAIN FOR YOUR RECORDS

House rental in Virginia

GRAYSLAKE NATIONAL BANK

84773

REMITTER

Tony R. Culley-Foster and Melinda Hoskins Jul 24 83 70-2161 719

PAY TO THE ORDER OF Mr. and Mrs. Robert J. Bradley NOT NEGOTIABLE 2250.00

GRAYSLAKE NATL. BANK 2250??!!

MEMORANDUM

CASHIER'S CHECK

FOR Rent

Mr. WILLIAMS. Were these considered reimbursable relocation expenses?

Mr. O'MALLEY. Mr. Chairman, I would be remiss to answer that question without first checking more deeply into it, because I don't personally have the answers to it. But I assure you within the 5-day period you will have a letter that will respond to those questions.

Mr. WILLIAMS. We would appreciate your pursuing that for us.

[The material follows:]

M E M O

TO: File

FROM: Tony Culley-Foster

DATE: June 5th, 1983

RE: Personnel Chairman's Relocation Recommendations

Bobbie on June 4th extensively discussed the relocation process and policies that I should review with John McMillian to ensure that "my family and I incur no financial loss or hardship in connection with our move from Illinois to Virginia in August." We previously had two telephone conversations in May on this subject.

Her recommendations were based on the type of arrangements she had negotiated with United Way and Camp Fire regarding her career relocation moves and on her knowledge of what other executives in nonprofit agencies received in their relocation packages.

As our relocation was on the basis of the Board's decision to move our national headquarters to Alexandria, Virginia, our personnel policies authorize the Congressional Award Foundation to cover the regular costs associated with moving an employee and his family, their household goods and a house-hunting trip, etc.

We have a non-cancellable five-year lease on a new headquarters office with United Way at $12.50 /square foot effective July 1st, a buyer on our Illinois home and a deadline of June 23rd to close on a new home in Virginia. So Bobbie recommended that I discuss the following executive transfer relocation package with Chairman McMillian and ask him to underwrite it with a special contribution to the Congressional Award Foundation when we meet on June 10th.[15]

All direct costs associated with moving me and my family to Virginia.

Preferred mortgage on our new home through Northwest Energy's banking contacts.

Reimbursement for loss on the sale of our Illinois home (purchase price plus capital improvements plus property increases 1980 through 1983).

All settlement costs on our new home.

Reimbursement for mortgage interest differential (Illinois and Virginia).

Reimbursement for cost-of-living differentials, e.g., comparable housing, taxes, etc.

Bobbie advised me to examine the relative merits of a lump sum payment, installment plan or a combination of the two depending upon the various pros and cons and on our financial support needs.

LAW OFFICES
ABRAMS, RIFKIN & CHAPMAN
SUITE 3150
20 NORTH CLARK STREET
CHICAGO, ILLINOIS 60602
(312) 269-1300

SHERWIN D. ABRAMS, P. C.
RANDOLPH A. RIFKIN
TERRY G. CHAPMAN

JOHN H. REDFIELD

June 5, 1985

Mr. Anthony Culley-Foster
11801 Stuart Mill Road
Oakton, Virginia 22124

Dear Mr. Culley-Foster:

You have asked us to assist you in compiling information concerning the cost of relocating your residence from Roundlake, Illinois to Oakton, Virginia in September, 1983.

We engaged Mr. H. Gordon Hanson, a licensed Illinois real estate broker with extensive experience with employee relocation, to prepare an analysis of the cost which you incurred due to the relocation. A copy of Mr. Hanson's report is enclosed.

You have also inquired about the federal tax treatment of any monies which you receive as reimbursement for moving and relocation expenses. Section 82 of the Internal Revenue Code of 1954, as amended, provides that gross income shall include any amount received or accrued, directly, or indirectly, by an individual as a payment for or reimbursement of expenses of moving from one residence to another residence which is attributable to employment. Any amount received for moving reimbursement is considered as income even though some of the underlying expenses may be otherwise deductible in computing your taxable income.

The analysis which is enclosed with this letter does not take into account any federal and state income tax which you might incur as a result of the payment of additional compensation for your relocation expenses. Typically, a recipient's income is grossed-up so that after the tax payment is made, the result will compensate for moving costs. Similarly, the analysis does not include the effects of any tax savings since some of the items, such as mortgage interest, are deductible in computing your federal taxable income.

If you need additional information, please contact us.

Very truly yours,

ABRAMS, RIFKIN & CHAPMAN

Terry G. Chapman

TGC:aj
Enc.

ANALYSIS OF FINANCIAL IMPACT
RESULTING FROM RELOCATION OF
ANTHONY CULLEY-FOSTER
ROUNDLAKE, ILLINOIS TO
OAKTON, VIRGINIA
FALL, 1983

I.	Roundlake, Illinois Property:			
	A.	Acquisition date: November 11, 1979	$79,000	
	B.	Capital improvements made by Seller:	$36,350	
	C.	Sale date: August, 1983 Sale price:	$89,000	
	D.	Seller's loss as a result of sale and failure to recover value of capital improvements		$26,350
II.	Cost Of Move And Related Items			
	A.	Moving of furniture and personal effects		$10,300
	B.	House hunting trips:		Open Item
	C.	Household adjustment expense: Adjustment item to offset the establishment of a new household, e.g.: the cleaning of carpets/rugs, hardware for the hanging of drapes and curtains, minor repairs of damage attendant to the moving process, and other related items.		$ 2,500
	D.	Extraordinary expense: The client informs us that this is an unnecessary rental expense that he had to incur as a result of the failure of Mr. McMillion's banking institution to provide a mortgage for the client as had been guaranteed at an earlier date. The client then had to utilize another lending		$ 2,250

institution resource which created this extraordinary expense.

III. Oakton, Virginia Property:

A. Closing costs and settlement charges: $ 5,541

IV. Mortgage Differential:

A. Computation of the appropriate reimbursement is based on the following information:

(1) Illinois property: Interest rate of 10.25%, 30 year term;

(2) Virginia property: Interest rate of 13%, 30 year term with a 5 year balloon.

B. Cost differential:

The process used herein for determining the value on a lump sum basis for reimbursement of the mortgage differential is to follow the custom and practice of most major corporations that would move a senior corporate executive. It is the general practice to pay a mortgage differential amount for a period of three to four years. This sum may be paid in a lump sum or in installments.

Therefore, the monthly cost differential between the mortgage in Illinois and a mortgage for the same amount, but at the higher interest rate in Virginia is $134.46. The lump sum value of that amount for a three year period is: $ 4,841

V. Personal Income Tax Differential

A. State of Illinois personal income Open Item

tax rate in 1983=3.0%; 1984=2.75%; 1985=2.5%:

B. State of Virginia personal income tax rate: 5.75%;

C. Thus, there is a substantially higher state tax burden due to a move from Illinois to Virginia. This increased cost is customarily considered when determining the amount and form of a relocation reimbursement package.

VI. Housing Cost Differential

A. Our review of statistics prepared by the Economics and Research Division of the National Association of Realtors, Chicago, Illinois provides the following information concerning existing home sales for the metropolitan Chicago area and for the metropolitan Washington, D.C. area.

In 1983 the average cost of a home in the metropolitan Washington, D.C. area (including Fairfax County, Virginia), was $89,400. For that same period in the metropolitan Chicago area the average cost of a home was $76,400.

For the first quarter of 1985, the latest statistics are as follows: $94,900 for metropolitan Washington, D.C. and $78,800 for metropolitan Chicago.

B. Value of Housing Cost Differential:

For the client herein, therefore, to have purchased a home in the metropolitan Washington, D.C. area of like kind and quality to the home he was leaving in the metropolitan Chicago area it would be logical to assume that the additional cost to the client would be on the order of: $14,000

VII. Cost Of Living Differential:

Generally, the executive receives a lump sum payment to offset the cost of living increase. This payment is usually one to four months additional salary. Open Item

VIII. Real Estate Tax Differential

In Oakton, Virginia, the real estate is assessed at $1.39 per $100 assessed from market value. In order to determine the real estate tax differential, we should be furnished with copies of the Roundlake, Illinois real estate tax bills for 1983 and subsequent years. Open Item

IX. Summary And Recommendations:

Determinable Items

Loss on sale of Roundlake, Illinois	$26,350.00
Residence	
Costs of move and related items	
Moving expense	$10,300.00
Household adjustment expense	$ 2,500.00
Extraordinary expense	$ 2,250.00
Closing costs and settlement charges	$ 5,541.00
Mortgage differential	$ 4,841.00
Housing cost differential	$14,000.00
Total	$55,782.00

Open Items

House hunting trips

Personal income tax rate differential

Cost of living differential

Real estate tax differential

It is our recommendation that a lump sum settlement be made to the client in the amount of $70,000 which sum should be net of any income tax payable.

Our review of this particular matter reflects the customs, practices, and evolving standards utilized by major U.S. corporations that are in the regular practice of transferring senior level executives.

We have been furnished certain information which is set forth above. We have not verified such information.

H. Gordon Hanson, Jr.

H. GORDON HANSON, JR.
Gordon Hanson Associates
30 West Washington Street
Suite 1432
Chicago, Illinois 60602

QUALIFICATIONS AND BIOGRAPHY
OF RELOCATION CONSULTANT
MR. H. GORDON HANSON, JR.

Mr. Hanson (age 41) is a real estate broker licensed to practice in the State of Illinois. He has been licensed for 14 years. Mr. Hanson has owned Gordon Hanson Associates for five years, and specializes in servicing the relocation needs of major corporations. Some of the corporations for whom he has performed his services of late are as follows:

The First National Bank of Chicago
Quaker Oats Company
Russell Reynolds Associates
International Harvester
N.W. Aryes
U.S. Gypsum Corporation
McKinsey and Company.

Previous to starting his own company, Mr. Hanson worked for First United-Rich Port Realtors, in Naperville, Illinois, a leading brokerage organization in the relocation industry.

Mr. WILLIAMS. One other thing also that you might send us for the record, or perhaps you know the answer now. In addition to the $25,000 and the approximately $10,000, did the foundation pay or reimburse Mr. Culley-Foster any additional funds for his relocation?

Mr. O'MALLEY. In my discussions with Mr. Culley-Foster, I have been led to believe that the only moneys that he has received in his total move were $25,000, but the total move cost him something in the area of $60,000 resulting from a loss on the sale of his home in Illinois and the increase in the cost of getting a home here in Washington, and a host of other items that he has submitted to me as reasons why his loss was something in the area of 30-odd thousand dollars on the move. But the only moneys that he has committed to me that he has received directly or indirectly from the Congressional Award Program was the $25,000 referred to earlier today.

Mr. WILLIAMS. I want to assure you, Mr. O'Malley, and other members of the board and those interested along with us in the future success of the Congressional Award Program, that I recognize fully the sensitivity and the personal nature of the questions that I have pursued with you, and I have not pursued them lightly, but only because this program is one of a kind. It is the only program, other than the current Congressional Medal of Honor, to which the Congress of the United States lends its name and gives its full participation and support.

I ask all of those involved to understand that this committee has an absolute obligation to assure that the award program is run in the highest character and that the actions of its staff and board members are beyond reproach.

Because the questions which I have asked here today are questions about which Members of Congress are aware, it was in my judgment absolutely necessary that we place those questions and your good answers on record.

The board may want to consider, inasmuch as this is a federally mandated program, the rules for reimbursement of expenses permitted in either the executive or the legislative branches of Government. We may also want to consider that as a possible amendment to the act.

Finally, Mr. O'Malley, the Ford Foundation awarded the Congressional Awards Program a grant of $116,000 to support the councils in four urban, predominantly minority congressional districts. Can you give us a description of that grant? How has it worked out?

Mr. O'MALLEY. Mr. Chairman, the grant was for the purpose of working with some of the ethnic groups, some of the area of underprivileged. The grant was used for that purpose most effectively.

The president and the officers of the Ford Foundation, at a meeting we had just a few weeks ago, were tremendously impressed with the work that was done within their districts. As a matter of fact, Congressman Hayes' district is one that was involved in the Ford Foundation allotment. We are tremendously pleased with it.

But rather than just trying to give you a quick answer, I have a full and complete report here of everything that was involved in the expenditure of money, where it was spent, and what the re-

sponse is from the Ford Foundation, that I would like to give to you to put into the record.

Mr. WILLIAMS. That will be helpful and we appreciate having that for our files.

Mr. O'MALLEY. I might say that the Ford Foundation, Mr. Chairman, have been so impressed with what was done that they are currently considering a major commitment to the program in the future.

Mr. WILLIAMS. I have no other questions.

Mr. Hayes, do you have any additional questions?

Mr. HAYES. No, Mr. Chairman, I don't have any other questions.

Mr. WILLIAMS. Mr. O'Malley, again I want to assure you of my personal support for the continuation of this program which so honors America's youth and is one of the only direct ways that the Congress has found to so honor that important segment of the American citizenry, and I particularly again want to commend the members of the board, most specifically those members who have been part of the quorum or near quorum with which you have operated each time you have met, and to commend you for what are obviously long hours and a real commitment to make this program work.

Despite my questions, I want to note again that the staff, too, is to be applauded for their diligence, particularly in pursuing the voluntary contributions which in the past 4 years. I know, given the economic climate in America, have not been easily raised but nonetheless they have done so successfully.

And again, our thanks for being with us today.

Mr. O'MALLEY. Mr. Chairman, I would just like to add that I appreciate all of the comments that you have made and want to assure you that the thoughts expressed here, the concensus of your committee, will be committed to the board at our next meeting. Necessary actions will be taken to ensure that every necessary protection to ensure the continued growth and development under the conditions that the Congress intended when it was established will be put into force.

Mr. WILLIAMS. Thank you very much.

This hearing is adjourned.

[Whereupon, at 11:45 a.m., the subcommittee was adjourned.]

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